FBIS DAILY REPORT

Latin America

CONTENTS

12 Jun 87 FBIS-LAT-87-113 i

INTER-AMERICAN AFFAIRS

Chilean Planes Allegedly Enter Bolivian Air Space [Quito] BB 1
AP Report Cited [Santiago] BB 1
Bolivian Minister on Incident [La Paz] BB 2
Minister Denies Incursion [La Paz] BB 2
Telex Reports Sorties [La Paz] BB 2
Area Countries Appeal for Economic Cooperation [Bonaire] BB 3

CARIBBEAN

CUBA

'Violent' Incidents Occur Outside French Embassy A 1
Castro Sends Message to Nonaligned Meeting A 2
Malmierca Addresses Nonaligned on Foreign Debt A 2
Palestinian Liberation Front Official Arrives A 3
Chile's Pinochet Regime Continues Terror Policy A 3
Chilean Protesters Arrested in Santiago A 4
Arias Plan Seen as U.S. 'Hegemonistic' Plan A 4
Guatemalan Armed Forces Ordered Forest Fires A 6
Commentary on Situation in El Salvador A 6
Castro Presides Over PCC Municipal Meeting A 7
Warehoused Goods Drain Foreign Exchange A 9
Fines Imposed for Pricing Violators in Villa Clara A 9

OTHER COUNTRIES

BARBADOS

Prime Minister Sandiford Reshuffles Cabinet B 1

HAITI

Federation Denounces 'Vile Maneuvers' of 'Enemies' B 2

MEXICO

USSR Envoy Views Coming Gorbachev Visit, Relations C 1
Salvadoran Minister on 'Information Mechanism' in U.S. C 1

CENTRAL AMERICA

EL SALVADOR

Colonel Ochoa Perez Retires for Politics F 1
General Blandon on Peace Talks With Rebels F 4

NICARAGUA

President Ortega Discusses Economy, Defense I 1
Ramirez Leaves on Working Tour of Socialist Europe I 7
[EL NUEVO DIARIO 9 Jun]

PANAMA

General Noriega on Role in Country, Region J 1
Country Under 'Military Occupation' After Strife [EFE] J 2
Delvalle on Situation, State of Emergency J 2
Noriega on Disturbances, Suspension of Guarantees J 4
Ovidio Diaz Defends Suspension J 4
Calderon Says Actions 'Drastic' J 5
PDC's Arias Calderon Under House Arrest J 6
Views FDP 'Acts of Brutality' J 6
Interviews With Colombian Radio J 8
Diaz Herrera Requests Venezuelan Asylum J 8
Correa Seeks Argentine Asylum J 9
General Noriega Apologizes for TV Station Attack J 9
Columnist Criticizes U.S. Embassy Communique J 10
[MATUTINO 11 Jun]
U.S. 'Trying To Use' Crisis J 10
U.S. Envoy Davis 'Repudiated' for Prodemocracy J 11
[EXTRA 11 Jun]
Ardito Barletta Comments on Removal From Office J 12
Salvador's Duarte Sends Message on Situation J 13
Opposition Paper LA PRENSA Not To Publish 12 Jun J 13
Reporters of Delvalle TV Station Leave Jobs J 13
FDP, Protesters Wage 'All-Out Battle' in Colon J 14
[LA PRENSA 11 Jun]
Chamber of Commerce President Arrested [DPA] J 15
Workers Socialist Party Supports General Strike J 15
[LA PRENSA 11 Jun]
Businessmen Call Strike 'Success' J 16
Businessmen Withdraw From Meeting in Costa Rica J 17
LA PRENSA Publishes List of 'Crusade' Supporters J 18
[11 Jun]
Assembly's Diaz Urges Calm Until Next Elections J 19
Teachers Call Meeting To Determine Action J 19

SOUTH AMERICA

ARGENTINA

Judge Declares Due Obedience Law Unconstitutional K 1
Campo de Mayo Rebel Leader Awaiting Retirement K 1
Army Chief Pays Tribute to Falkland Heroes K 1
[BUENOS AIRES HERALD 11 Jun]
Charges Against General Caridi Rejected K 2
[BUENOS AIRES HERALD 10 Jun]
Nuclear Workers Demands Met; Strike Lifted K 3
Presidential Secretary Discusses Armed Forces Role K 3

BOLIVIA

Further Reaction to Chilean Denial for Sea Outlet L 1
Garrett, Bedregal on Decision [EFE] L 1
Banzer, Minister Comment L 1
Bedregal on 'Coward' Del Valle L 2
Minister on Chilean Migration L 2
Call for Minute of Silence L 3
Call Observed L 3
U.S. Position on Drug Control Termed 'Positive' L 4
[PRESENCIA 3 Jun]

BRAZIL

Government Seeks 'Postponement' of Paris Talks M 1
Negotiators Depart [O GLOBO 11 Jun] M 1
Financial Leader Says Crisis Worst in History M 1
[O ESTADO DE SAO PAULO 9 Jun]
Iraqi Embassy Condemns U.S. Position on Arms M 2
[O ESTADO DE SAO PAULO 11 Jun]
Foreign Minister Begins Visit to Egypt 10 Jun M 2
[cross-reference]
Briefs: New Judges Elected M 2

CHILE

Matthei Urges Civilian Candidate for 1989 Elections N 1
Merino, Otero Agree N 1
Matthei Views 1989 Plebiscite, Bolivian Proposal N 1
Del Valle Says Bedregal Remarks 'Offensive' N 2
FACh Denies Report in THE OBSERVER on Matthei N 3
Polls Reveal Low Ratings for Pinochet Candidacy N 3
[HOY 1-7 Jun]
Arica Mayor's Home Bombed; No Injuries Reported N 4

PERU

Further on Visit of PRC Foreign Minister Wu R 1
Holds News Conference R 1
Foreign Ministry Communique on Port of Arica R 1
[La Paz EL DIARIO 7 Jun]

VENEZUELA

Concern Reported Over Situation in Panama [EFE] T 1
Briefs: 1986 Oil Exports T 1

CHILEAN PLANES ALLEGEDLY ENTER BOLIVIAN AIR SPACE

PA111631 Quito Radio Quito in Spanish 2300 GMT 11 Jun 87

[Text] This is a last-minute report from La Paz. Today, two Chilean military jets twice entered Bolivian territory bordering Chile, according to local radio stations.

This report, not yet confirmed by official sources, has come in the midst of an acute deterioration in relations between the two nations as a result of Chile's rejection of a Bolvian request for an outlet to the sea.

La Paz' Radio Americana, after establishing communication with the border town of Arana, reported that at 1100 local time, 1500 GMT, the planes carried out an incursion, flying at a very low altitude. Another incursion took place 30 minutes later. Radio Americana's source in Arana said in the second incursion, the planes entered as far as the railroad station of (Baroa), 25 km from the border.

The Information Ministry has reported that it is waiting for a report from the Bolivian Air Force.

AP Report Cited

PY120148 Santiago Domestic Service in Spanish 2340 GMT 11 Jun 87

[Text] Quoting a La Paz radio station, the news agency Associated Press reported on an alleged incursion of Chilean warplanes into Bolivian territory.

A Bolivian radio station stated that Chilean warplanes twice entered Bolivian territory, overflying a small town on the Chilean-Bolivian border, but the Bolivian government neither confirmed nor denied this information.

La Paz Radio Panamericana broadcast a report by correspondent Hugo Torrano in Charana, 276 km northeast of the Bolivian capital, stating that the first sortie took place at 1500 GMT while the town residents were staging a demonstration protesting Chile's rejection of Bolivia's proposal to obtain sea outlet, according to Associated Press.

The Radio Panamericana correspondent reported that two fighter planes overflew Charana entering as far as the Abaroa Railroad Station, 25 km inside Bolivian territory. Torrano said another sortie took place at 1935 GMT.

Charana is a small border town on the railroad line that links it with Arica, in Chile. Associated Press, still quoting Radio Panamericana, added that no official confirmation or denial of the alleged incident was available.

Bolivian Minister on Incident

PY120042 La Paz La Red Panamericana in Spanish 0018 GMT 12 Jun 87

[Text] Aeronautics Minister Jaime Zegada has stated that through Radio Panamericana he learned of the report about Chilean planes overflying and violating Bolivian territory. Until 1800, the minister had received no reports confirming this report, and he resorted to AASANA [Airport and Aeronautic Services for Air Navigation Administration] in order to obtain information. Following are the minister's remarks:

[Begin recording] I heard the news over the radio. It seems that [passage indistinct] the AASANA control tower and they have told us that as of 1800, no AASANA office had reported anything abnormal; everything was completely normal. There has been absolutely no report of any type of plane overflying our territory.

However, we are trying to verify the report through othe sources. I stress that the AASANA control tower has clearly stated it has not registered anything abnormal. [end recording]

Finally, the minister said the population must not become alarmed, because there is absolutely no reason to presume Chilean planes have overflown national territory.

Minister Denies Incursion

PY120116 La Paz La Red Panamericana in Spanish 0000 GMT 12 Jun 87

[Text] National Defense Minister Alfonso Rebollo has stated that complete tranquillity prevails on the Chilean border. The reports sent from different border stations state that everything is calm, and that the Chileans have not conducted any extraordinary action. Thus, Defense Minister Alfonso Rebollo has denied the reports stating that Chilean airplanes reportedly overflew national territory. Here are Rebollo's statements.

[Begin recording] [Rebollo, in progress] ... tranquillity and normalcy prevail.

[Reporter] Has the presence of (?Chilean) airplanes been ruled out"

[Rebollo] That is correct, sir. [end recording]

Afterward, the national defense minister said the Bolivian Armed Forces will be modernized within the plans and programs outlined by the Defense Ministry.

Concerning the Bolivian Armed Forces, Rebollo stated that everything is calm and that the country may remain calm because the Armed Forces are safeguarding the national security and democracy.

Telex Reports Sorties

PY120210 La Paz La Red Panamericana in Spanish 0000 GMT 12 Jun 87

[Text] Although a report on sorties by Chilean planes into Bolivian territory in the Charana area has already been officially denied, Panamericana was able to obtain an official report on this event.

In a telex datelined Charana -- the area of the sorties -- Lieutenant Walbino Casas, head of the Charana border post, today said: At 1100, three Chilean planes overflew national territory in the Charana area. Will report any news. Lt Walbino Casas, border chief. The above telex was addressed to Lieutenant Coloneal Freddy Montero, commander of the National Border Police in La Paz.

No sooner had Panamericana released the telex from Charana then many people requested further details. Panamericana was able to contact government officials, including Civil Aeronautics Under Secretary Jose Vilar who, citing a report by the Auxiliary Air Navigation Services Administration [AASANA], said no planes had been sighted.

Yet, upon reading the telex sent by Lt Casas, Vilar said the sorties may have occurred because the AASANA report was received at 1800 and the sorties reportedly occurred at 1100. Vilar made the following remarks today at 1845:

[Begin recording] I have just seen Lt Casas' report. However, it contradicts the report sent by the Charana control tower, which just informed us that no Chilean plane has been sighted. I assume the AASANA report means that no plane was overflying the area at the time of the report. In any case, Lt Casas said the overflying occurred at 1100. Thus, there may have been a concentration of people [passage indistint] to get ready for anything. Because the situation has been tense, [words indistinct] the Air Force was placed in a state of alert, but there is nothing serious and the people should remain calm. Nothing has happened. [end recording]

Earlier, however, Vilar had told Panamericana that ten Bolivian Air Force aircraft were deployed to the area of the incursion. It should be noted that the results of this patrol flight has not yet been disclosed.

AREA COUNTRIES APPEAL FOR ECONOMIC COOPERATION

FL051332 Bonaire Trans World Radio in English 1130 GMT 5 Jun 87

[Text] A group of 11 Latin American and Caribbean countries are calling for greater coopoeration from industrialized nations in resolving the region's $350 million debt. The Dominican Republic and other countries made the appeal in a letter sent to the leaders of seven industrialized nations headed for a meeting in Vienna next week. They asked for new ways to fight economic problems caused by rising interest rates and protectionist trade policies in the industrialized countries.

'VIOLENT' INCIDENTS OCCUR OUTSIDE FRENCH EMBASSY

PA111333 Paris AFP in Spanish 1042 GMT 11 May 87

[Text] Havana, 11 Ju (AFP) -- Violent incidents occurred opposite the French Embassy in Havana on 10 June when an undetermined number of people, stirred by a sudden rumor, went there vainly seeking emigration visas.

Following the incidents, "several dozen" persons were detained, according to an official source who described the detainees as "stateless."

The official report indicated that the "alteration of order" was caused by those wishing to emigrate. According to the report, those people were "the target of rejection by passers-by and neighbors.

Noticeable police reinforcements were apparent Wednesday morning, with numerous uniformed agents and police vehicles opposite and around the embassy. Near the mission, police vehicles and personnel could be observed last night, together with groups of civilians, most of them young. Identification was requested of some, but others remained on the corners or circulated without any interference.

A brief official announcement this morning said the action by the Cuban authorities was backed by the population with "energetic wrath". A rumor that spread like wildfire yesterday in he Cuban capital said the French Embassy would grant visas to those wishing to emigrate. This rumor apparently originated in Radio Marti broadcasts, the U.S. State Department radio station beamed to Cuba.

The official Cuban report said today "individuals gathered near" the French Embassy, "instigated by those spreading this baseless rumor." The official report added that "Cuban immigration officials categorically denied that such a disposition by the French Government existed."

In an exclusive interview with the French communist daily L'HUMANITE weeks ago, President Fidel Castro stated if the French Government wished to receive Cuban immigrants and grant visas, Cuba would not object.

This morning's Cuban report stated those who took part in yesterday's incident are "individuals whose desire to emigrate to the United States had been frustrated."

According to the official Cuban note, this frustration is a result of "the Reagan administration's evil policy that encourages illegal exists, while it has canceled the possibility of legal migration of Cubans to the United States."

In May 1986, the Cuban Government froze immigration agreements signed at the end of 1985 with the Washington authorities, in which the United States authorized the legal entry of some 20,000 immigrants per year. The freeze was initiated by Cuba immediately following the inauguration of Radio Marti.

CASTRO SENDS MESSAGE TO NONALIGNED MEETING

FL112148 Havana Radio Rebelde Network in Spanish 1700 GMT 11 Jun 87

[Report by Ismael Tamtau in Pyongyang]

[Text] Commander in Chief Fidel Castro, first secretary of the Communist Party Central Committee and president of the Councils of State and Ministers, has sent a message to the special nonaligned ministerial meeting on South-South cooperation that began last Tuesday in Pyongyang. The message has been adopted as the official document of the event.

It states, among other things: The Nonaligned Movement's decision to concentrate its attention on South-South cooperation during a ministerial meeting and the choice of the DPRK as host underscores the importance this issue has in the extremely critical international situation we are experiencing.

Comrade Fidel's message also states: The conference will also help strengthen the increasing efforts exerted by Third World countries to end the economic disadvantages that affect our countries and to create an atmosphere of international cooperation that will help our nations to embark on economic recovery and, in turn, to achieve development.

Discussing the foreign debt problem, our commander in chief asserts: Certainly, the debt cannot be paid. It will continue to grow daily until it surpasses the billion dollar mark -- and this burden is borne mainly by the less developed countries.

This dramatizes the situation that prevails on our earth, with almost 1 billion hungry people, 857 million illiterates, and an infant death rate which is much higher than that in developed nations.

Another part of Comrade Fidel's message states: However, we cannot possibly wait until, through continuous struggle and persuasion, developed capitalist countries decide to allow us to attain a new economic order. We must struggle to achieve this, but we must also seek solutions to alleviate our plight and begin to solve our own problems through our own efforts -- even if this proves extremely difficult and demands many sacrifices.

MALMIERCA ADDRESSES NONALIGNED ON FOREIGN DEBT

FL110234 Havana Television Service in Spanish 0000 GMT 11 Jun 87

[Text] The urgent need to reactivate cooperation among nonaligned and other developing countries as a vital way to use economic resources more rationally was the focus of remarks made by the seven delegates who addressed the special nonaligned ministerial conference on South-South cooperation today. We have more information from Pyongyang.

The Cuban foreign minister referred to the foreign debt phenomenon when he asserted: The cancelation of the developing countries' foreign debt could give us the necessary financial resources to boost South-South cooperation and economic development. This is not a dream or a fantasy. The Cuban foreign minister added: Only by industrialized countries reducing military spending could enough resources be freed for the cancelation of the foreign debt without affecting creditor banks, which could receive government refunds or individual taxpayers, who would not suffer with new taxes. This would also strengthen world peace.

Malmierca urged industrialized capitalist countries, to fulfill the historic duty of contributing to the development of the more backward nations suffocated by debts which surpass $1 trillion.

Nicaraguan Foreign Minister Miguel D'Escoto also spoke today. He referred to various cooperation programs among developing countries sponsored by the Nonaligned Movement and the Group of 77 and talked about the need to coordinate those efforts. The Nicaraguan foreign minister called for the establishment of priorities to obtain limited but certain cooperation between underdeveloped countries.

The Ethiopian foreign minister said today Africa is committed to the Lagos program for cooperation in that country and cited Cuba as an example for providing unselfish assistance.

PALESTINIAN LIBERATION FRONT OFFICIAL ARRIVES

FL111327 Havana Radio Progreso Network in Spanish 1100 GMT 11 Jun 87

[Text] Nayif Hawatmah, leader of the Democratic Front for the Liberation of Palestine, has arrived in Havana at the invitation of the revolutionary government. The visitor will discuss with Cuban authorities the situation in the Middle East and the results of the National Palestinian Council meeting held in Algeria last April.

CHILE'S PINOCHET REGIME CONTINUES TERROR POLICY

PA072140 Havana International Service in Spanish 2300 GMT 5 Jun 87

["Our America" commentary read by Norberto Hernandez]

[Text] There is news from Chile about the detention and processing of several reporters accused of insulting members of the Armed Forces.

The report refers to Felipe Pozo, director of the opposition newspaper FORTIN MAPOCHO, and its reporter, Gilberto Palacios. Previously, the fascist courts had condemned Juan Pablo Cardenas, director of ANALISIS magazine.

These repressive episodes date back to the exile of opposition leaders Clodomiro Almeyda, Julieta Campusano, and Mireya Baltra, who bravely returned to Chile to make known the rights of exiles to return to the fatherland.

However, these violent acts cannot be viewed as isolated cases in the Chilean context. Repression in this southern country follows a preconceived plan by fascist authorities, who define gagging and eliminating opposition as domestic warfare.

Recently, the Manuel Rodriguez Patriotic Front, one of the armed groups inside Chile, published a revealing document on Augusto Pinochet's destructive machinery. The idea, nevertheless, is not original to Chilean military men. It was learned in antisubversive training courses offered by U.S. strategists, involving systematic official violence at various levels, depending on current social needs.

Chilean military men have created a special unit for repressive activities, under the command of Major General Osvaldo Hernandez Peredo, whose efforts are aimed at two fronts: domestic and foreign.

Domestically, various methods are used at various times: extreme violence against demonstrators, house-to-house searches against armed groups, and constant selective repression to maintain terror. The country has been divided into six operational zones for this so-called domestic warfare, and there are 137,000 troops involved in these actions. More than 50,000 belong to the Army, 34,000 to the Air Force, and 30,000 to the militarized police, or Carabineros. Twenty-seven percent of these troops are assigned to roads and other installations susceptible to armed attacks.

According to sources, this plan was drawn up on 11 September 1973 at the time of the fall of the people's government to the hands of fascist military men. It was used under the guidance of a U.S. subversion corps directly involved in the overthrow of Salvador Allende.

The murder of Orlando Letelier in Washington is a sample of the foreign concept of antiopposition warfare, and the murder of former General Carlos Pratts in Buenos Aires displays mafia-style actions with an unmistakeable terrorist flavor.

The reports made by the Manuel Rodriguez Patriotic Front, based on documents stolen from the military men, indicate democratization attempts attributed to Augusto Pinochet are no more than simple stalling maneuvers intended for the unwary.

CHILEAN PROTESTERS ARRESTED IN SANTIAGO

PA060050 Havana International Service in Spanish 1600 GMT 5 Jun 87

[Text] Thousands of demonstrators were arrested in Santiago, Chile, when they tried to march down the main streets of the city on the last day of the campaign against hunger and the high cost of living organized by the Metropolitan Command of Residents. The demonstrations broke out last night in various parts of Santiago, but were violently repressed by the Carabineros, who used water tanks and tear gas. Leaders from the Santiago shantytowns, who form part of the metropolitan group, high school students, and leftist party members participated in the campaign to protest hunger and unemployment.

While these incidents were occurring in Chile, a bomb was set off in a downtown street in Santiago. The bomb blast did not hurt anyone or cause any property damage.

ARIAS PLAN SEEN AS U.S.'HEGEMONISTIC' PLOT

PA111630 Havana International Service in Spanish 2300 GMT 9 Jun 87

["Our America" commentary read by Manolo Ortega]

[Text] Philip Habib, U.S. roving ambassador for Central America, is touring Central America to bolster the alternate plan sponsored by Costa Rican President Oscar Arias to resolve the regional crisis.

Habib's meeting with all the presidents of the Central American nations, except Nicaragua, seeks to give regional support to the plan that emerged highly tarnished from Oscar Arias' tacit sales promotion campaign in Western Europe during the past few days.

Washington obviously fears the total collapse of a proposal drafted by Arias within U.S. territory, logically under the absolute control of the White House. Nevertheless the White House failed to prevent it from containing some details that do not promote U.S. policy for the area. An attempt is being made to alter these details promptly.

The amendments to the Arias Plan, as the document is called, attempt to pass over stipulations on foreign intervention in the area and support for insurgency groups, while placing major emphasis on coercing the Sandinist revolutionaries into changing the direction of their policy and agreeing to talk with the counterrevolutionaries paid by Ronald Reagan.

Habib's haste is an indication of new counterrevolutionary conspiracies and plots against Nicaragua, occurring with Oscar Arias' return from Western Europe with a basket full of failures.

Despite the controversial language of the official communiques West European support for the Arias Plan was not exactly unconditional. In many cases, Arias was not even received by the top officials of the host country. In other countries, although there was modest praise for the initiative, emphasis was placed on the role of the Contadora Group in the achieving a truly equitable solution. This occurred, for example, during Oscar Arias' visit to Spain, where King Juan Carlos, after acknowledging the importance of the Costa Rican initiative, emphasized that Contadora best articulates and represents the Central American people's just aspirations to forge their own destiny.

Another fiasco for Oscar Arias occurred in Great Britain, where Prime Minister Margaret Thatcher, Washington's unconditional ally, alleged she was too busy with matters related to the parliamentary elections to receive the Costa Rican president. The British officials with whom Arias spoke felt no qualms about stating they would not express an opinion on the plant until after the meeting of Central American heads of state to be held in Guatemala and to be attended by Nicaragua, a country that Habib has omitted form his present tour.

Arias' controversial plan is the clearest indicaton of Washington's hegemonistic plan for Central America. There is every indication not many of the world's governments are prepared to get on a leaky boat, especially after the revelations disclosed during the so-called Irangate scandal.

Habib will undoubtedly be able to keep his Central American acolytes in the fold. However, there are serious doubts that there can be a universally-accepted application of a document as biased and manipulated as the plan that carries the Costa Rican president's name.

GUATEMALAN ARMED FORCES ORDERED FOREST FIRES

PM111200 Havana International Service in Spanish 2300 GMT 9 Jun 87

[Text] La Voz Popular, official radio station of the URNG, has charged that the Guatemalan Armed Forces High Command ordered the recent fires in vast jungle areas in El Peten Department as part of its counterinsurgency operations.

In its weekly broadcast, La Voz Popular recalled that the huge fires destroyed the flora and fauna, endangered many people, and came close to destroying the Mayan ruins of Tical, which are a cultural heritage of Guatemala and the whole world.

The guerrilla station also charged President Vinicio Cerezo is sponsoring insurgency [as heard] plans coordinated between the Army and the police, a practice similar to that used by previous military regimes.

COMMENTARY ON SITUATION IN EL SALVADOR

PA052336 Havana International Service in Spanish 2300 GMT 4 Jun 87

[Commentary by Nestor Nunez]

[Text] Greetings, friends. The FMLN has urged the people to get ready for the big battles ahead. This indicates that the multiphasic actions being carried out to end the pro-North American regime headed by Jose Napoleon Duarte will be increased.

The rebel Radio Venceremos made the appeal while evaluating the results of the recent land transportation stoppage, which this time affected not only the vehicles using rural roads, but also traffic in the urban centers.

The purpose of these actions is to affect the sources of income that Jose Napoleon Duarte has to continue the counterinsurgency plan prepared by the United States. These strikes also demonstrate the growing relevance of the people's army in the country's life.

Government sources have admitted that the transport strike affected 90 percent of the transport sector, but there is every indication there were moments when not one single vehicle was moving in this the smallest of the Central American countries.

Duarte's refusal to talk with the guerrillas indicates the regime will be increasing its reprisals in the next few weeks. The U.S. Pentagon and the White House believe they have no other way than the military way, and consequently they have ordered the San Salvador government to reject all forms of negotiations.

Recently, Jose Napoleon Duarte ignored guerrilla proposals to put a limit on air and artillery attacks the Army carries out against peasant areas. This means the indiscriminate killing of civilians by the armed forces will continue.

This is a suicidal practice considering the majority of the population, including the enterprise sector, refuses to continue financing a conflict that means only instability and growing losses. At a moment when the opposition represents a majority, Duarte's insistence on the war path could turn out to be fatal for him.

CASTRO PRESIDES OVER PCC MUNICIPAL MEETING

FL300207 Havana Television Service in Spanish 0000 GMT 30 May 87

[Text] Commander in Chief Fidel Castro, first secretary of the PCC Central Committee in this capital is presiding over the third special plenum of the PCC municipal committee in Diez de Octubre, Havana City Province. The work performed by the municipality in the rectification process is being analyzed. Following is a portion of the dialogue the commander in chief held with the director of the prefabricated components enterprise No 2.

[Begin recording] [enterprise director] Regarding the problem of quality, we could say it is one of the things we have not been able to solve during this period. I believe it will take the rest of this year to substantially improve the quality of prefabricated components. As I mentioned earlier, we need to improve.

[Castro] Why do you have difficulties with the parts' finish? What is the reason?

[Director] Commander, because we are using the same molds we have used since we opened the basic secondary school, which if you remember, was around 1970.

[Castro] Those molds.

[Director] Those molds.

[Castro] Yes.

[Director] We have been giving them maintenance and repairing them but we have used them for 16 or 17 years and they really can't stand another repair.

[Castro] Do you think that the poor quality of the parts' finish is the result of poor work or because the molds are old?

[Director] I believe it is due to both things, Commander. As I was saying, there is a problem with exigency, habits, attitudes...

[Castro, interrupting] Did they always do them poorly?

[Director] No, some were good and some were bad.

[Castro] It is not clear to me what the main cause of the poor the quality of the finish is. What else could the laborers do to improve the quality of the finish?

[Director] That has been discussed, Commander. Those and other factors are the causes but I would say, in general, there is a problem with exigency ...

[Castro, interrupting] Have those laborers been doing that type of work for a long time?

[Director] Well, many have retired. Some 350 skilled laborers retired from the enterprise in the last 5 years.

[Castro] Have they retired because of their age?

[Director] Yes, because of their age. The average age at this time is ...

[Castro] What does that mean?

[Director] They retired because they worked for many years ...

[Castro, interrupting] Yes, but what does that mean? Don't the new workers master their work?

[Director] No, the technological complexity is not the same.

[Castro] What should the performance goal be for that type of work?

[Director] In our type of industrial work I believe we can aspire to achieve 80 percent at this time, we could aspire to achieve 80 percent at this time [repeats himself].

[Castro] Eighty percent. Can't construction workers achieve more than 80? I am referring to construction workers not the ones involved in the industrial area. What are the factors that hinder the possibility of achieving a better performance?

[Director] Well, first logically by implementing exigency measures...

[Castro, interrupting] No, I am talking about over 80 percent.

[Director] Over 80 percent? It would require technological changes. We are behind technologically, we are 10 to 12 years behind in terms of world technology. Our steel shops are at an artisan's level. We are still bending steel rods manually.

[Castro] Yes, but that has to do with work productivity. I am asking about maximizing the work day.

[Director] Maximizing the work day? I still say it would be by introducing technological supply measures. For example, by supplying steel at the work station.

[Castro] What can be done for that factory from the technological point of view?

[Director] Technological? For example ...

[Castro, interrupting] You were saying the molds are old. Why have those molds not been replaced?

[Director] Let's say it is due to a poor planning policy. [end recording]

WAREHOUSED GOODS DRAIN FOREIGN EXCHANGE

FL251619 Havana Radio Rebelde Network in Spanish 1700 GMT 22 May 87

[Station commentary]

[Text] One of the unsolved problems of our economy is the accumulation of goods in warehouses. Enterprise officials are not just trying to ensure a reserve for many years to come. Whenever they can, they make plans to use stockpiled goods in some sort of operation of their own. The serious thing about this is on occasion, these products come from the convertible currency areas. As long as they remain in warehouses awaiting the day they are needed, the demands of other enterprises will force the state to spend foreign exchange.

These are non-foodstuffs in short supply and this causes inconvenience and anxiety. In Havana alone these goods are valued at 550 million pesos which indicates the disruptions that might ensue if this situation continues and the goods are not released.

The National Bank of Cuba, the State Committee for Finance, and the State Committee for Prices have means at their disposal that would resolve this situation. The party and various concerned officials in Havana have analyzed the urgent complicance with instructions applicable to products from the convertible currency area or to consumer goods. Collecting and putting into circulation these "idle" products will give a boost to our economy. This must be done right now.

FINES IMPOSED FOR PRICING VIOLATORS IN VILLA CLARA

FL050335 Havana Radio Reloj Network in Spanish 2156 GMT 4 Jun 87

[Text] Fines were imposed on the preserves and vegetables enterprise in Villa Clara for the sum of 18,056 pesos, which will go to the state's central budget, for several violations committed by the San Diego del Valle factory. The violations were discovered when joint inspections were undertaken by the price control office and the State Committee for Standardization. The parallel market in Santa Clara and other establishments were found to have products at much higher prices than the official list. Also, the factory was not using Conchita brand labels in the established manner and the poor quality of the work caused chemical alterations forming hydrogen that made the container expand and rust.

The resolution provides for the speedy elimination of deficiencies and infractions, and the application of administrative sanctions. Their case will be referred to the provincial prosecutor for action.

BARBADOS

PRIME MINISTER SANDIFORD RESHUFFLES CABINET

FL120131 Bridgetown CANA in English 0142 GMT 12 Jun 87

[Text] Bridgetown, Barbados, June 11, CANA -- Barbados' new Prime Minister Erskine Sandiford tonight announced a revamped cabinet and promised continued government "in the best democratic traditions."

The 50-year-old educator, who took over on the sudden death 10 days ago of Prime Minister Errol Barrow, went on radio and television to signal the thrust of the changed Democratic Labour Party (DLP) administration.

In his 13-minute address, he promised to uphold all the fundamental rights and freedoms guaranteed in the Barbados constitution and to strengthen ties with traditional friends, including the Caribbean Community states, Britain, Canada, the United States and the European Community.

Sandiford said he would add economic affairs to his education portfolio and named DLP Stalwart Philip Greaves as his deputy and leader of the House of Assembly.

The prime minister drafted former Backbencher Cyril Walker into the cabinet as minister of state in the Ministry of Education, restoring the complement to 13.

Sandiford shifted Industry and Tourism Minister Branford Tait to health and assigned Health Minister Keith Simmons to employment, labour and community development. Trade and Commerce Minister Evelyn Greaves will in addition now be responsible for industry. The changes become effective Monday.

Said Sandiford: "I wish to assure all Barbadians that we remain firmly committed to the pursuit of policies for providing this and future generations...with prospects for improved living through social and economic programmes based on the best democratic traditions."

"Our Caribbean neighbours and friends in the international community may rest assured that Barbados will further endeavour to strengthen relations and to work for additional agreements to promote Caribbean integration and cooperation with Latin America.

Sandiford went on "We shall strive to strengthen traditional friendships with long-standing friends, with Britain, the United States of America, Canada, the European Economic Community, among others.

"We shall remain in the vanguard for promoting Third World development and justice for oppressed people. We shall be unwavering in our condemnation of apartheid."

Sandiford urged Barbadians to demonstrate the same levels of unity, dedication, patriotism and commitment that existed before Barrow's death.

Following is a listing of the new cabinet:

Erskine Sandiford: prime minister, minister of economic affairs, education and culture;

Philip Greaves: deputy prime minister, minister of transport and telecommunications;
Maurice King: attorney general, minister of legal affairs;
Dr Richard Haynes: minister of health;
(Sen) Sir James Tudor: minister of foreign affairs;
Evelyn Greaves; minister of trade industry and commerce;
Harold Blackman: minister of housing and lands;
Warwick Franklyn: minister of agriculture food and fisheries;
Wesley Hall: minister of tourism and sports;
Keith Simmons: minister of employment, labour relations and community development;
Senator Harcourt Lewis: minister of state for the civil services;
Cyril Walker: minister of state in the Ministry of Education and Culture

HAITI

FEDERATION DENOUNCES 'VILE MANEUVERS' OF 'ENEMIES'

FL111845 Port-au-Prince Radio Haiti-Inter in Creole 0100 GMT 10 Jun 87

[Statement by the Haitian Federation for the Lower Artibonite -- date not given]

[Text] The Haitian Federation for the Lower Artibonite denounces all the vile maneuvers several enemies of the people are carrying out to divide all the truly democratic movements divide all the truly democratic movements organized for the masses. After that group of sons of bitches and the little flunkies of the Americans, who are leading the country, carried out sneaky, underhanded tricks to destroy the national economy, and after they finished shutting down the factories, they are now attacking the schools.

They have shut down the School of Nursing and booted all the students out into the streets at a time when there are not enough health workers in Haiti to treat the Haitian people and to provide the masses with the proper care. In that same week, they also violated the Constitution. They failed to respect the Constitution when they fired the university rector.

What they are seeking with all these maneuvers is the destruction of the French [National Federation of Haitian Students], one of the serious movements struggling for real change. We ask the students not to fall into the trap and to keep their cool so the country will not suffer a coup. We know that when rocks are thrown at [words indistinct] they just make it angrier, so it will lose its self-control. This time [words indistinct] calm. [Words indistinct] calm to act in a manner to expedite the complete change needed.

The federation asks the students to keep an eye on these people to prevent them from dividing the students and provoking them into altercations.

USSR ENVOY VIEWS COMING GORBACHEV VISIT, RELATIONS

FL112115 Mexico City NOTIMEX in Spanish 0446 GMT 11 Jun 87

[Text] Mexico City, 10 (NOTIMEX) -- Rostilav Sergeyev, Soviet ambassador to Mexico, has confirmed that a meeting between Mexican President Miguel de la Madrid and Soviet leader Mikhail Gorbachev is planned for the end of this year. The diplomat said the preparations for the meeting are very advanced. However, he did not give an exact date for the meeting. The Soviet ambassador participated this evening in the last of a series of lectures organized by the Revolutionary Youth Front of the Federal District at the Institute of Political Training (ICAP).

Sergeyev asserted that relations between Mexico and the Soviet Union have been strengthened because they agree to search for new solutions to the problems facing the world. He also recognized the country's active foreign policy, especially the constructive work carried out by Mexico within the Contadora group, as well as within the Group of Six in favor of peace and disarmament. As to the danger for humanity that the use of nuclear, chemical, and biological weapons signifies, he declared the USSR has proposed to the world a mature and rational policy to strengthen peace and effect disarmament in the world.

SALVADORAN MINISTER ON 'INFORMATION MECHANISM' IN U.S.

FL111645 Mexico City NOTIMEX in Spanish 0510 GMT 11 Jun 87

[Text] Mexico City, 10 Jun (NOTIMEX) -- Salvadoran Deputy Foreign Minister Joaquin Alexander Masa Martelli has reported that El Salvador and Mexico have established an information mechanism at their respective consulates in the United States, to lessen the effects of the Simpson-Rodino law. Masa Martelli has concluded an official 3-day visit to Mexico, during which he met with Foreign Relations Secretary Bernardo Sepulveda and three deputy foreign secretaries. The official said during a news conference that in addition to other bilateral agreements, an exchange of information at the consular level was declared necessary to avoid misinterpretations or accusations at international forums -- such as the charges recently presented for alleged violations of human rights.

The vice foreign minister said the visit, sponsored by the Mexican Foreign Relations Secretariat, starts a process of rapprochement between the two countries to handle issues of concern to the two nations. Referring to this, he said the basic goal in his meetings with Deputy Foreign Relations Secretary Alfonso de Roszenweig Diaz was to analyze the new U.S. immigration law that will affect both Mexico and El Salvador.

He said approximately 500,000 Salvadorans left the country between 1 February 1982 and 31 December 1986 to live in the United States, and 200,000 have returned. Consequently, approximately 300,000 are not included in the benefits granted by the Simpson-Rodino law. Masa added that the government calculates some 50,000 Salvadorans will return to their homeland in the near future. Only 300 returned to their country last month. He reported that his government is preparing an organized migration program for countries like Australia and Canada, and revealed that Argentina has offered to receive Salvadorans in the region of Salta.

Masa Martelli avoided at all times discuss on of the Salvadoran guerrillas and their 18-point plan, and insisted that his government is willing to participate in a dialogue -- but the rebels must first join the democratic process and completely abandon the struggle.

COLONEL OCHOA PEREZ RETIRES FOR POLITICS

PA111915 San Salvador Radio Cadena YSU in Spanish 1656 GMT 11 Jun 87

[Report by "Carlos" on interview with Colonel Sigifredo Ochoa Perez by unidentified reporters upon Ochoa's departure from the Army Chief of Staff's office on 11 June -- reported]

[Text] [Carlos] Colonel Sigifredo Ochoa Perez presented today to General Adolfo Blandon, chairman of the Joint Chiefs of Staff, his resignation and requested he be removed from the government ranks to which he has belonged for 26 years. We [unidentified reporters] interviewed Col Sigifredo Ochoa Perez, who announced he will join Salvadoran political life, either within the Liberation Party [Partido Liberacion -- PL] or the Nationalist Republican Alliance, ARENA. The following are statements made this morning by general, I mean, Col Sigifredo Ochoa Perez, upon leaving the Army Chief of Staff's office:

[Begin recording] [Reporter] Colonel, please explain your decision. Your retirement was announced some time ago.

[Ochoa] Well, the truth is that as a Salvadoran citizen -- and based on the political constitution -- I have decided to retire from the Army to engage in political activities. I believe we cannot remain passive at a time when the country is experiencing a very difficult situation, both in the political and economic fields. I believe I have reached this decision after careful thought while abroad in Washington and Venezuela. I could not remain passive, so I decided to join the Salvadoran struggle. If there is no room for me in the military field, there is room in the political.

[Reporter] Have you talked with any political party?

[Ochoa] Yes, I have talked with some opposition political parties.

[Reporter] [Words indistinct]

[Ochoa] Right now, I cannot say anything, because I have not been dismissed yet. I will retire on 1 July. In due time, I will announce which party I will be joining.

[Reporter] [Words indistinct] your resignation, this means you do not agree with the government's current policy?

[Ochoa] I do not agree at all with the government's policy.

[Reporter] Why not?

[Ochoa] Because I believe the government has taken the wrong path. The people are [words indistinct]

[Reporter] [Question indistinct]

[Ochoa] To tell you the truth, I could not tell you what I think the government should do, because it has already defined its strategy. What we need here is to strengthen the democratic system, and I believe this will be possible through the political parties.

[Reporter] [Words indistinct] What do you think about the line of [words indistinct].

[Ochoa] This is something that concerns the general staff. I am not going to challenge or question the General Staff. That is the job of the commanders and the military [words indistinct]. I think they are doing what they should do.

[Reporter] What is your most serious criticism?

[Ochoa] Well, I think it concerns the economic aspect, because the government has engaged in a policy of revenge, rather than of administration, or rule. I think the government has made a mistake there.

[Reporter] It has been said that you might be the PL candidate. What do you have to say about that?

[Ochoa] Well, I have talked with the people of the PL as well as with ARENA people, but the truth is that right now I cannot tell you which group I will join.

[Reporter] It has been rumored that the assembly [words indistinct].

[Ochoa] The party I will join will have to decide on that. In fact, my plans are not to arrive here and solve all the problems. The truth of the matter is that I want to help in the struggle of the Salvadoran people. I want to help in some manner.

[Reporter] Why do you think you were transferred abroad by the general staff?

[Ochoa] I think this was a political move, rather than a military decision. I do not agree with the way some things have been handled. [Words indistinct] in a meeting with the commanders, involved others. Personally speaking I [words indistinct] have not liked that about the government. I am considered practically a nuisance for the government, and that is why I was removed.

[Reporter] [Words indistinct] the lines within the military field, [words indistinct]

[Ochoa] No, I do not think so. In fact, that is what I was talking with the members of the General Staff about. As long as the Christian Democracy Party is there, there is no room for me in the military aspect, and I am not going to remain abroad, passively enjoying a golden exile.

[Reporter] [Words indistinct] military field?

[Ochoa] Pardon me?

[Reporter] You would like to return to the military field, to direct [words indistinct]?

[Ochoa] Well, to tell you the truth I have been trained in the military. That is my field, but I have my feet on the ground. I know that even if I request it, they will not bring me back.

[Reporter] Have you made any contacts abroad that might help you at this time in your political life.

[Ochoa] Well, you know that Washington is a city where much lobbying goes on, and I have made my contacts.

[Reporter] And how about in Panama right now?

[Ochoa] Likewise, also in Panama.

[Reporter] With whom have you talked in Panama?

[Ochoa] I have talked with many forces, both from the opposition and the government, as well as private sectors.

[Reporter] [Words indistinct] candidate for deputy, or for city mayor, but for what part of the country would you run?

[Ochoa] I cannot tell you that now, because this is not my decision, it must be the decision of the party I might join.

[Reporter] [Words indistinct] what areas where you think you might have more possibilities? Some areas or origin?

[Ochoa] I do not know.

[Reporter] Colonel, what do you think of the military situation? After you left the 4th Infantry Brigade, there was the big attack that practically destroyed the garrison. What do you think about this situation? Do you think the guerrillas are strong in a certain area?

[Ochoa] Look, I would not dare to [words indistinct] in Chalatenango. True, this is a war situation. What happened is very regrettable. I would say that there was a lack of intelligence and counterintelligence.

[Reporter] Colonel, you have always been considered a good military man, and furthermore, many speculated that you might eventually reach a high-ranking post within the military hierarchy. You were sent abroad to Washington in the face of this situation, presumably to undergo more military training. What do you think now that you are retiring, and do you think this will affect the general staff?

[Ochoa] No, I am not going to say that I am unsurpassed in these affairs. There are very good men within the Armed Forces, and nobody is indispensable. Just as I left, others might leave, and the Armed Forces will continue with the struggle. I think the institution should remain as long as the Republic exists. I do not think I am an indispensable element in this type of struggle.

[Reporter] This means that the Armed Forces Joint Chiefs of Staff does not need you?

[Ochoa] No, not necessarily so. I do not think they need me.

[Reporter] [Words indistinct] political, and military aspect? Does this mean that the High Command is [words indistinct]

[Ochoa] Well, I think that is a difficult question, and the truth is that some elements [words indistinct]

[Reporter] Right now in Panama [words indistinct], you are coming from there?

[Ochoa] I am coming from Venezuela, and stopped over in Panama.

[Reporter] [Words indistinct] in Venezuelan system of government that prevails there?

[Ochoa] Each country has a right to rule itself, and Venezuela has a democracy that is [word indistinct]; it is a [words indistinct] the role of the military men there is professional. Venezuela has its own system. I do not think it is perfect or imperfect, and I do not think I can question the Venezuelan situation. I do not think we should enforce any model in our country. I think we must preserve our own idiosyncracies. We must seek Salvadoran solutions. [end recording]

[Carlos] You have just listened to the statements made by Col Sigifredo Ochoa Perez, who was the commander of the 4th Infantry Brigade until 31 January 1986, when he was sent to Washington. He was later sent to Venezuela, following orders earlier this year. Col Sigifredo Ochoa Perez was born in Uluazapa, San Miguel and is 45 years old. He announced that he has requested his retirement from the Salvadoran Army ranks effective 1 July. It is public knowledge that in 1983 Col Sigifredo Ochoa Perez led a rebellion in Sensuntepeque garrison. As a result of this action, the defense minister at that time -- General Jose Guillermo Garcia -- was expelled from the Army.

GENERAL BLANDON ON PEACE TALKS WITH REBELS

PA081726 Panama City ACAN in Spanish 0126 GMT 7 Jun 87

[Text] Panama City, 6 Jun (ACAN-EFE) -- Salvadoran General Adolfo Blandon stated in Panama today that the Salvadoran Army will give its "total" support to any form of rapproachement between the government and the guerrillas that favors peace and justice.

The chairman of the Salvadoran Joint Chiefs of Staff said that if President Jose Napoleon Duarte agrees to a dialogue with the guerrillas, the Armed Forces will support his decision. Gen Blandon said: "I believe Duarte will have to answer the guerrilla's document in a manner that will give people hope" and if the answer promotes peace, justice and "true rights in El Salvador, we will support it."

In late May, the Salvadoran guerrillas presented a peace proposal designed to humanize the war and reopen peace talks with the government and the Army. Blandon, who attended the U.S. Southern Command transfer of command ceremony as a special guest, stated that recent changes within the Salvadoran Army "will generate more dynamism in the military counterinsurgency units.

The Salvadoran general added that militarily, an assessment of the war against the guerrillas that started 7 years ago would be positive from the Army's viewpoint, which has reduced the number of rebels from 14,000 to approximately 5,000. Gen Blandon stated that "for the past 3 years we have maintained the initiative and a permanent offensive throughout Salvadoran territory." He also said that the Salvadoran war is a "very special" war on which no time limit can be placed, because "it has to be defined in the military, as well as in the political, economic, social, and international spheres."

PRESIDENT ORTEGA DISCUSSES ECONOMY, DEFENSE

PA061845 Managua Domestic Service in Spanish 1506 GMT 6 Jun 87

[Speech by President Daniel Ortega Saavedra at the Olof Palme Convention Center in Managua -- live]

[Text] The Nicaraguan foreign minister has been awarded the Lenin Peace Prize. [applause]

Nicaraguan brothers: The triumph of the Sandinist revolution brought the Nicaraguan people to power. Democracy, as the goal of our struggle, freed the inexhaustible energies of our urban and rural workers, turning the people's power, the Sandinist power, into a reality. With a smile on their faces, our young men and women carried out a struggle to teach everyone to read and write, even the poorest peasant living in a hut. Together with the beans and corn, hospitals, health centers, schools, and day care centers began to sprout. With this came the desire (?to build), once and for all, a new Nicaragua. The battle was won, Andres [possible allusion to Nicaraguan hero] threw the stone at the Yankee invader. The Yankee invader viewed (?what was happening) as a threat. Blind with rage and arrogance, and always acting the part of filibuster, Goliath decided to crush the small Nicaragua.

We did not come here to talk and explain [words indistinct] Yankee empire that has caused serious problems for the Nicaraguan economy. However, the Yankee began turning the wheels of the war machine -- blackmail, lies, and state terrorism -- to establish a deadly cordon around the Nicaraguan people, thus denying them their right to life.

As a result of the creative capacity of our people, the revolution today represents a new and legitimate Latin American economic, political, and social (?system). In the early days, changes occurred very rapidly. This made possible accelerated economic growth. Unemployment was eliminated; the standards of living of the rural and urban workers were increased; an ample and serious investment process began to rebuild the infrastructures destroyed by Somoza during the war of liberation; and we began to draft a national system for the defense of the homeland. This was done in response to our need to resist and defeat the U.S. aggression that resumed in January 1981 when Roland Reagan was sworn in as President of the United States. In 1984 the military aggression was aggravated by an economic blockade. The U.S. Government ordered a trade embargo against Nicaragua in May 1985. To this we must add the effects of the crisis that result from the foreign debt and unjust trade relations. This situation has increased tension in all the developing countries.

Because of this difficult situation, we were forced to redirect our economic policy to better defend ourselves from the problems created by the foreign aggression. The policies we adopted guaranteed the resources for the military defense of the revolution and for the necessary investments. Some of the investments were: the Victoria de Julio Sugarmill; [words indistinct], the African palm project, the basic grains contingency plan; the national tobacco project; the Monotombo geothermic project; and the mining, fishing, [word indistinct] and tourist projects. We also invested in the construction of roads on the Atlantic coast, and in homes, schools, hospitals, and health centers. We also made changes in the [words indistinct], in the distribution of goods. The defense of the workers standard of living, especially the production sector workers, became a priority.

We continued our policy to promote production. This was done by protecting production from the ups and downs of the international market and by subsidizing it with a financial policy that included low interest rates and ample credit. A boost was also given to the [word indistinct] for the peasants. Since the triumph of the revolution we have distributed more than 3 million manzanas of land among the peasants. We promoted the establishment of agricultural cooperatives and created incentives for the production sector. The lifting of price controls on certain products was among some of those incentives.

As part of our progressive urbanization plan, we have already distributed 26,826 lots of land among the poor and working people. We have built 193 day care centers that take care of 31,281 children. We also subsidize the medicine that is used at health centers and hospitals.

The decision to maintain three economic and social objectives through the aforementioned policies produced a high overall deficit with the consequent financial imbalance. Nevertheless, there were achievements in maintaining the employment level, increasing production by the peasants, in the consolidation of the cooperative movement, and in the recovery of the peasant zones that had served as a social base for the counterrevolution. In the state administration, progress was made in reducing the deficit and financing part of the defense expenditures with tax revenue. The profitability of the productive sector was also maintained.

Since 1985, we have emphasized the reduction of the overall deficit of the economy through various measures to restrain and reduce civilian expenditures in the budget. One example of this is the fact that employment in the government has not increased in recent years, with the exception of the positions of teachers, doctors, and nurses. Of 68,563 government employees, 57,000 are health workers and teachers, in other words, 73 percent [number as heard]. Only 21,563 or 24 percent are working in the central institutions [number as heard]. The collection of taxes was increased, investments were rationalized, and the exchange rate was adjusted to guarantee the minimum resources for defense and production.

It is within this framework that we must understand the economic measures we have been implementing since 1985 with the objective of better handling the critical situation imposed on us by the foreign aggression, and of winning the war. These measures, incorporated into the 1987 technical and economic plan, demand greater energy and discipline in their implementation. That is to say, the measures we began to apply in 1985 continued to be applied in 1986 and 1987. They are not new measures.

This year we have estimated an overall deficit of 330 billion cordobas or $225 million. In regard to the deficit in cordobas, 150 billion are financed through the issue of currency; the entire amount is destined for the military defense of the revolution. The other components of the internal deficit are the financing of the investments, worth 80 billion cordobas, and the exchange loss, which amounts to 100 billion cordobas. The latter is the result of maintaining favorable guarantee [de garantia] prices for export products.

The foreign deficit is explained by the drop in coffee prices even though production increased in the last coffee harvest. We achieved a better coffee production (?in the last coffee harvest). There was better discipline and better organization in the harvest. Therefore, the harvest yield was up. However, the prices fell. There was a decrease in the quality of cotton. We increased the amount of cotton and the yield per manzana, but the quality affected us and, therefore, prices fell. There was a decrease in the exportable volumes of other products. There was a drop in the volume of other products. In other words, the planned amounts for other products were not achieved. There was also a lack of external credits from multilateral organizations. Those credits have been blocked by the U.S. Administration. The United States has been blocking loans for Nicaragua in the IDB and other multilateral organizations.

As we have explained, we adopted and implemented measures in 1985 and 1986 to contain this overall deficit. We are now going to reduce the fiscal deficit through an increase in fiscal revenue and a greater decrease in public expenditures not related to defense, health, and education.

I repeat: The fact I am telling you that this will be done now does not mean it is a new measure. [Words indistinct] implementing them now. The investments will be subject to a more drastic rationalization to guarantee that the resources will be allocated to produce foreign exchange. The exchange loss caused by the (?sale) of many products [words indistinct] we will see how we can resolve it by using a selective mechanism that will permit us to finance part of this loss. (?It will be a kind of) tax for each dollar imported. This means there will be a tax on some raw materials, nonessential consumption goods, [words indistinct], construction material, capital goods, and transportation equipment, excluding anything that is considered a basic consumption good. We are also analyzing fuel prices and ordering a 5 percent savings in fuel for the entire state. We are issuing this order today for a 5 percent savings in fuel for the entire state. What are we going to do with what we save in fuel?

We are going to guarantee oil reserves for the military defense of the revolution and for meeting essential aspects of the economy. We are negotiating with friendly countries to cover our needs for fuel and obtain foreign exchange that will allow us to comply with our minimum importation goals demanded by the economic plan. Our material possibilities in war conditions do not allow us to make significant increases in the supply of goods, but we are forced to make a maximum effort to produce more in the framework of a war economy. Inflation, which is caused by the war situation, despite the efforts we have made, also adversely affects our wage policies. The war situation also adversely affects the production of perishable goods and basic grains, which, because of the way they are produced and sold in the country, cannot be subject to price controls or channeled through distribution networks. Inflation also adversely affects the products that are channeled through the distribution networks; therefore, it is necessary to change the prices of these products to stimulate production and prevent them from disappearing from the market. To all this, we must add the speculation problem, which increases inflation, and against which the organized people must continue to fight by distinguishing illegal from legal merchants.

We have to do everything possible to prevent workers' salaries from being adversely affected, especially those workers in the service sector. There is a list of approximately 40 products in each CAT [Workers Supply Center]. These products are not always available in the CATs but we are making an effort to get those 40 products there. There will be more products available in the CATs as we produce more of them here and as we receive more raw materials to produce them. Some of these products will be donated to us, others will be imported or purchased on credit.

In addition, we have 9 products that are aimed at rural areas; that is, there is a total of 54 [number as heard] products, that we as a revolutionary government can control as regards distribution. We can also control the prices of these 54 products. Of course, these 54 products are not always available for sale at a given time in the quantities demanded by the country. Here is where the MICOIN [Domestic Trade Ministry] is making a great effort and is giving priority to the needs of the military and productive sectors. Therefore, the wage policy is being adjusted according to the official prices of these 54 products so that workers' real wages are not adversely affected.

Inasmuch as there has been an increase in the prices of these 54 products in the past few months, we will readjust wages by 30 percent retroactive to 1 June [rpt 1 June] so that workers may have chance to buy these 54 products. We have applied other measures in the exchange rates of a series of products that are not essential. Gasoline prices have increased, etc. The prices of other products will be increased. This forces the prices of the 54 products to go up. However, we will guarantee wage adjustments every time the prices of these 54 products increase because of the measures we have been applying. Workers' wages will be adjusted so they may continue to purchase any of these 54 products.

This is the critical economic situation the Yankee aggression has caused in our country. However, after 6 years of a military, economic, financial, trade, political, and diplomatic barrier imposed by the Reagan administration, Nicaragua continues to resist. The group of Somozists and traitors that the United States has created and is still promoting is the spearhead of the imperialist war that Reagan is determined to maintain with the objective of destroying the fatherland of Dario, Sandino, Carlos, and of subjecting it to the cowardly domination that yesterday's turncoats allowed.

The escalation of the war by Somozists and traitors is being subjected to constant military blows that speed up the process of the strategic defeat that Reagan's criminal forces began to experience at the end of 1984 and during 1986.

This has been possible thanks to the fortitude of our heroic people in arms, with the EPS at their vanguard, and to the distinguished service of the heroic permanent troops; the troops of the Patriotic Military Service; militia and reservist forces integrated into the EPS, and with the support of the MIN [Interior Ministry]. Thus, we continue to deal new blows to the mercenaries. Proof of this can be found in the recent victorious campaigns in Amaka and San Andres de Bocay, where cadets, special forces, artillery men, sappers, pilots, field service units, [words indistinct] in crushing defensive maneuvers that once again made Reagan's paladins bite the dust. [applause, chanting]

In light of the obvious process of irreversible defeat, the dispersed mercenary forces are suffering and will continue to suffer in the future until they are totally atomized and [words indistinct] forever, including those minuscule groups that will succeed in surviving over the next several years. Yankee imperialism is (?greasing) the interventionist preparations of its troops by increasing its aggressive presence in the region, and pressuring Honduras into a military conflict with Nicaragua, to get on top of it [as heard; not further identified] to disguise the imperialist goal of invading, because it knows perfectly well that we will never surrender to its aggressions, threats, and blackmail.

In the plan for a direct aggression by its troops, the United States has instructed the mercenary echelons to distract, disperse, and weaken the EPS as much as possible. This would make easier the principal attack by the Yankee troops against the main cities, including Managua and other strategic objectives in the country.

Likewise, the Yankee invasion plan contains instructions for the mercenary troops to increase terrorist actions against economic and civilian targets, thereby deepening the serious wounds which, in the economic and social fields, the U.S. aggression has already inflicted on Nicaragua. You are informed every day about attacks against cooperatives and settlements. In their reports, the mercenaries say that they have attacked military bases, while they are in fact attacking and murdering peasants, children, and workers. They are [words indistinct] cooperatives or settlements.

They do all of this in a futile attempt to try to turn the people against the revolution by trying to make the revolution responsible for the critical economic situation the country is experiencing. The Yankee invasion plan instructs the terrorist commandos and the internal reaction to promote in the main cities actions of attack and sabotage against political, economic, and social targets, as well as others of strategic importance to the operation of the country. It also instructs them to increase the diversionist campaigns in the ideological and political spheres to weaken the spirit and morale of the people.

However, the Nicaraguan people will continue to win, by ensuring first, all the material and human requirements the defense plans demand to continue stepping-up the strategic defeat of the mercenary forces and strengthen defense procedures to victoriously confront the Yankee invasion plan; by fulfilling with high percentages -- as has been the case until now -- the recruitment quotas of the Patriotic Military Service, the strengthening of the territorial militias, and the organization of reserve units that are hot with the spirit of readiness and combative mobilization demanded of us by the country, which is under siege; by maintaining a high level of vigilance to obstruct as much as possible the commandos' blows and acts of sabotage against strategic objectives in the country; and by all Nicaraguans being willing to strengthen the plans to fortify the nation, particularly to give in Managua a tenacious battle if the Yankee aggressor dares to invade us.

The economic crisis forces us to greater sacrifices to guarantee the total victory. Just as we are defeating the military aggression, we will defeat the economic aggression. And here we will not close any school, hospital, health center, or child development center. And here we will not close any production center. Any health center destroyed by the mercenaries will be rebuilt by the revolution. [applause, chanting]

Even if (?they continue to destroy) our hospitals, health centers, and other centers, we are not going to close down schools and hospitals. We are going to do our best to continue attending to the people, as best we can, despite and amid the problems. Here in Nicaragua we will never approve a policy that creates unemployment. Furthermore, our production centers are being kept open despite the fact that some of them are producing at a rate of 100 or 101 percent, while others are producing at 40 percent of their total capacity. However, all the centers are kept open thanks to the determination and strength of the Nicaraguan workers.

To date, the number of war victims totals 42,418, and there is $2,821,000,000 in material losses. This is 11 times our annual export figures. This forces us to make efforts to be more disciplined, organized, and efficient, at our jobs. [Words indistinct] and today, more than ever before, we must be very demanding of ourselves. We must correct our own mistakes to have the right to correct the mistakes of others, and we must always be willing to admit our mistakes. We are defending, and we will continue to defend with our blood, the economic, political, and social system that we began to build on 19 July 1979. No one can change the path that the heroic people of Sandino chose. We are independent and nonaligned. Based on the respect that must rule the relations among nations, we have sought peace through dialogue and negotiations. Here [words indistinct] we ratify our willingness to meet with the U.S. Government (?to discuss) matters strictly related to security, not domestic matters of the United States or Nicaragua. In any case, it is up to the U.S. people and the Nicaraguan people to make decisions regarding their domestic matters. This is something that can never be subject to negotiations. [applause]

Here, standing before the laborers, peasants, and working people, we recognize the historic contributions made by Contadora against war and intervention and in favor of dialogue. We have reiterated our total support for the peacemaking efforts of the Contadora and Support Groups. We have also invited the Central American leaders to take up again the negotiations process promoted by Contadora from a Latin American perspective, just as we, the Central American leaders, so recognized it when we expressed our support for the Caraballeda document in January 1986 in Guatemala.

We recognize Guatemalan President Vinicio Cerezo's initiative in promoting a dialogue among the Central American leaders, always within the framework of Contadora. We also recognize the initiatives for a Central American parliament. This resulted from the first Esquipulas meeting and opened the doors for future meetings such as the one scheduled to be held in Guatemala late this month.

We recognize the constructive proposal presented by Costa Rican President Oscar Arias within the framework of Contadora's pacification process, just as he recently stated in Europe. We express our willingness to participate in the Guatemala meeting, appealing to the flexibility of the Central American leaders so that from this meeting, specific agreements will be reached in accord with the demands for peace of our respective peoples and that this will further invigorate the efforts being made by the Contadora and Support Groups, thus pushing war further away, and bringing peace closer in Central America.

The FSLN National Directorate and the people and government of Nicaragua, have right and justice on their side. For this reason, the Yankee aggression will never triumph; for this reason it is currently being defeated -- its mercenaries are being defeated; for this reason, they will be defeated if they should come here to invade our homeland.

We have faith; we are optimistic. The day of total victory is at hand. Each day that passes is another victory against the attacker; we win a battle everytime we work and fight, and we are also consolidating the revolution. Here we have the cubs in the military defense and production; here we have the heroic mothers; here is the invincible strength of the workers and peasants; here we have morale, dignity, and pride, of the new Nicaragua. Here we have Sandino, Carlos, Pomares, Camilo, and the thousands of heroes and martyrs who gave their lives for Nicaragua to be free once and for all. Here are the people; here is Nicaragua. The trust, love, and solidarity of the peoples of the world has been placed in us so that this revolution will never be defeated. We will win! No one surrenders here! Free fatherland, or death! [applause]

RAMIREZ LEAVES ON WORKING TOUR OF SOCIALIST EUROPE

PA110343 Managua EL NUEVO DIARIO in Spanish 9 Jun 87 pp 1, 8

[Text] Nicaraguan Vice President Sergio Ramirez Mercado left Monday leading a delegation to thoroughly discuss our relations with the socialist countries.

Ramirez, who was seen off by President Daniel Ortega, categorically denied U.S. media reports that the tour has been prompted by questions raised by the USSR about Nicaragua's economic policy.

In this regard, Ramirez said that this is mere speculation and no attention should be paid to it because certain sectors, particularly in the United States, would like our relations with the Soviet Union to deteriorate in order to completely isolate us.

After reiterating that the purpose of the working tour is to discuss economic cooperation and diplomatic relations, Ramirez emphasized that the effort to isolate us economically has failed and the countries we maintain relations with continue supporting us.

Ramirez said that a topic of the talks will be the supply of oil. He stressed that the Soviet Union has fulfilled the oil quota it assigned to Nicaragua, which does not meet the overall needs.

"At this point, we have met our oil needs for the time being, that is, for the second half of this year [as heard], but we are looking for ways to replenish our reserves, which have dwindled because Nicaragua is no longer a party to the Mexican-Venezuelan agreement," he said.

The vice president is accompanied on this trip by Julio Lopez, director of the FSLN international relations department; and Dionisio Marenco, minister of the planning secretariat of the Presidency. The countries to be visited include Hungary, Czechoslovakia, GDR, and Poland, among others.

GENERAL NORIEGA ON ROLE IN COUNTRY, REGION

PA061741 Panama City ACAN in Spanish 2311 GMT 5 Jun 87

[By Mario Rolando Sierra]

[Text] Guatemala City, 5 Jun (ACAN-EFE) -- General Manuel Antonio Noriega said in this capital today that he does not want to be president of Panama, but that he will continue for 5 more years as commander of that country's Army.

"I am just a military man, I like my profession, and I will not retire from the Army for 5 years," he told ACAN-EFE. Noriega, who neither denied nor confirmed that in Panama the real power is in the hands of the military men, indicated that the presence of the United States in the country until 1999 "forces us to have a government that is a symbiosis of the civilian and military power." He said that "we the military work for the government in the civic action structure in areas not reached by private enterprise and the government. The military men go there to complement the joint work with the president of the Republic."

The 49-year-old Panamanian officer, who is considered Panama's "strongman," arrived in the Guatemalan capital today for a 48-hour visit of "military rapprochement" at the invitation of President Vinicio Cerezo.

Regarding the Central American war situation, whose protagonists are the militairy men, but which is directed by the politicians, Noriega said "the desired results have not been achieved by handling the (problem of) violence through the first means, which were diplomatic efforts." Peace forums such as Contadora and Esquipulas "have prevented the spread of the war, but, as we have said before, the war is with bullets, not words, and bullets are fired by the military men and the insurgents," the Panamanian military chief said. For this reason, he said he believes "the military men should be actively advising the diplomatic efforts, not precisely to direct them, but to advise the diplomats in the search for a solution."

According to Gen Noriega, the decade of the seventies "was the cycle of the swords, of the military governments, because the civilian governments in power were unable to resolve the problems." "After that era comes the cycle of the democracies that are active and have the solution in their hands," he added.

Noriega, who said that "Panama and Guatemala have always been firmly linked and have maintained an identification of doctrines," explained that "Guatemala is part of the pincer where the Central American isthmus begins, and Panama is where it ends." He said that both ends have "a geopolitical significance for solutions."

Regarding the international reports that link Noriega with the illegal arms trafficking, the officer indicated that the "Irangate" scandal involves the United States, not Panama or Guatemala.

According to the Panamanian officer, Costa Rican President Oscar Arias' peace proposal, which will be analyzed by the leaders of the area in Guatemala on 25 and 26 June, is a plan that has been drawn up from the viewpoint of a country with "different characteristics." "It (Costa Rica) is a country that does not have an army, a country that needs its neutrality, needs to maintain its way of life free of violence. Therefore, its concepts must be balanced," the Panamanian military chief stressed.

He said that countries such as El Salvador, Honduras, and even Guatemala view the Central American problem another way and have another concept about how to handle insurgency. He also said the Panama will attend the Guatemalan presidential summit and "any other meeting seeking peace," because even though each country has its solutions, "together they can discuss them and find a definite answer to the conflict."

COUNTRY UNDER 'MILITARY OCCUPATION' AFTER STRIFE

PA121041 Madrid EFE in Spanish 0748 GMT 12 Jun 87

[Excerpt] Panama City, 12 Jun (EFE) -- Panama awoke today under military occupation, in the midst of a tense silence, and almost paralyzed after the approval of a national state of emergency decreed by the government in view of the wave of violence unleashed in the last few days.

Soldiers dressed in combat gear continued in the early morning hours to watch several sectors of this capital, especially residential, banking, and university zones where the largest disturbances and confrontations have taken place since the beginning of the week.

On Thursday the government declared a state of emergency throughout the national territory in view of the intense social agitation brought about by the statements of a former chief of staff of the Panamanian Armed Forces, who accused the military leadership of political corruption. [passages omitted]

DELVALLE ON SITUATION, STATE OF EMERGENCY

PA120153 Panama City Domestic Service in Spanish 0029 GMT 12 Jun 87

[Message to the nation by President Eric Arturo Delvalle, given in the Yellow Room of the presidential palace -- live]

[Text] My countrymen: Without taking into consideration the unfortunate consequences for the country that might result from the actions and foolish remarks of Roberto Diaz Herrera, former chief of staff of the Defense Forces, the permanent enemies of the Republic immediately caused violent and subversive actions with the clear purpose of taking power to meet their own political and personal ambitions.

As the result of this irresponsible position, for several days the country has experienced moments of restlessness and anxiety, which led to open violence in Panama City and Colon and inflicted serious harm on people and damaged property, the protection of which is the unavoidable responsibility of the authorities of the Republic, according to a clear constitutional provision.

Public order has been profoundly disturbed, and peace and social coexistence seriously disturbed. There is an even greater danger that this threat will include the destruction of our dearest republican and democratic institutions. My government cannot permit that the bequest of peace and tranquillity we inherited, and which generations of Panamanians have maintained with great effort, be distorted and the doors opened so that a situation similar to that of our brothers in Central America be brought about here. The people in those countries suffere the daily trauma of an incalculable quota of death, grief, and desperation, which have reached every home.

In these difficult moments provoked by the enemies of democracy, moments in which they are trying to immerse us, I have met with my government to analyze the situation calmly and to adopt the necessary measures to preserve peace, the safety of the people, and the survival of our fundamental institutions. After this analysis, we have reached the conclusion that, to provoke the current events in the nation, the irresponsible behavior of some frustrated and resentful Panamanians has become united with the desire for power of opposition sectors -- sectors defeated in the elections -- and the foreign elements that continue their policy of destablization against our country. They do so because of our firm posture of promoting peace in Central America through the Contadora Group negotiations and because Panama's clear position of demanding strict compliance with the Torrijos-Carter Treaties. At the end of this century, these treaties will culminate in the reaffimration of our full sovereignty.

In addition to this analysis, we must add that another cause of the foreign destabilization process against our country originates in my government's responsible positions of seeking solutions to the foreign debt through negotiations with international credit agencies and preliminary consultations with the Panamanian people, and through the necessary adjustments in accordance with principles that do not harm the national interest.

After mature reflection and a careful weighing of all alternatives in accordance with the Constitution and bylaws, with the purpose of restoring order and tranquillity, the Cabinet has decreed a state of emergency and the suspension of personal rights included in Articles 21, 22, 23, 26 [as heard] 27, 29, 37, 38, and 44 of the Constitution. My government has taken these measures as a special procedure. They are the most appropriate in these circumstances to preserve peace and the tranquillity of the people. In this way, we will be able to restore the proper climate so the people can enjoy soon their individual and social rights provided for in our Constitution.

With the conviction and the certainty that spring from the uprightness that has always marked every one of my actions, I hereby state that I will properly use every resource provided by the Constitution to repress any attempt to violate the measures taken, any attempt that tries to sidestep or avoid the measures with the intent of continuing violence and subversion. I am sure that, with calmness and good will, we will be able to devote ouselves, with renewed effort and a sense of harmony, to work so that our homeland can continue to tread the path of progress and development, which it experiences today, and to strengthen our republican institutions. These are the sole fountains for and fundamental foundations of our peaceful coexistence. Thank you very much.

NORIEGA ON DISTURBANCES, SUSPENSION OF GUARANTEES

PA111500 Panama Domestic Service in Spanish 1434 GMT 11 Jun 87

[Remarks by Defense Forces Chief General Manuel Antonio Noriega during interview by Yamid Amat, director of Bogota's Emisoras CARACOL network "this morning" -- recorded]

[Text] Summarizing yesterday's developments, there were disturbances that went a bit beyond the tolerance level that we generally grant demonstrators. There was an opportunistic presence of various opposition minority groups that used antisocial elements who staged looting. Therefore, the tolerance of the police units who had to face them forced the president of the Republic and his Cabinet last night to suspend various constitutional articles on individual guarantees, including those on freedom of assembly and transmissions that stir up the people. That is the situation.

The morning began calmly. Ground forces -- no longer the police -- are on the streets. That is the situation.

Various organizations have declared civil disobedience in connection with the payment of taxes, and a strike. The majority of the people are not doing this. It is not the majority. Popular power is stronger than those small forces that are seeking power through other means, ignoring the 1989 [as heard] elections. That is the situation. The majorities have not adopted that position. The majorities are contained in [las contiene] the government.

Ovidio Diaz Defends Suspension

PA111318 Panama City Domestic Service in Spanish 1125 GMT 11 Jun 87

[Statement by Ovidio Diaz, president of the Legislative Assembly, to station director Danilo Caballero at 0620 GMT, on 11 June -- recorded]

[Excerpt] Well, Danilo, there is no doubt that the decree approved last night by the executive branch falls within the provisions of the Constitution, which empowers that branch of government to suspend individual rights for a period of not more than 10 days. Afterward, for the decree to remain valid, it would have to be submitted to and approved by the Legislative Assembly.

Of course, we of the majority group of the UNADE [National Democratic Union], the UNADE parliamentarians, learned of the essence of the decision during a meeting that we held throughout yesterday evening. Of course, we endorsed the executive branch's decision. There is no doubt that when communiques like the one we saw last night are issued by the opposition parties, virtually calling for a confrontation with the country's [military] forces, and demanding rights to which opposition members are not entitled and did not win at the polls, and making appeals that constitute complete subversion of public order; the executive branch, defending the Constitution and the laws of the Republic and defending the territorial integrity derived from our country's Constitution, and even the legislative branch, which want to ensure that the Constitution is fully implemented -- because without the Constitution, the executive and legislative branches would disappear -- the parliamentary majority were aware of that decision and endorsed it; that is, approved it. [sentence as heard]

We hope that the decree, issued opportunely by the executive branch, will end the acts of terrorism in city streets and the acts of groups who have clothed themselves in civic pride and professionalism. We do not deny their good intentions, but they are simply playing the game established by political and foreign interests that want to cause bloodshed in this country and that acts under the pretext of peace and social security.

Therefore, an executive branch, aware of its duty to maintain order within the Constitution and the law, has no choice -- if it is to avoid violating the law -- but to make decisions of this kind. In other words, the decree suspending individual rights responds to a need in these historic moments. Let us hope that the Panamanian people will understand and comprehend that the decree is in no way intended to muzzle anyone, but to attempt to maintain the climate necessary to direct this country along better paths of progress and development for their benefit.

We, of course, know that the assembly must play a role in this, but we trust that the 10-day period under which the executive branch is empowered to suspend individual rights will be sufficient, and that there will be need for a debate within the Legislative Assembly to extend the suspension, something that we as Panamanians would not like to see. We believe it was prevailing circumstances yesterday and for several days...[changes thought] It has experienced a period of unrest and tension as a result of statements made by a person who up to 15 days ago was the second in command of the Defense Forces and who was not brave enough to denounce what he believed was wrong while still in office. We sincerely believe that for the good of this country and the fatherland, and to maintain constitutional order, in view of the fact that the civic forces are struggling and working for a democratic processs in 1989 when the differences of the Panamanian people will be resolved, the constitutional order should not be disrupted at this time. That is why we believe that this decree was needed. It has the endorsement and the approval of the entire UNADE parliamentary bloc, which was present yesterday at the moment of decision, supporting the president of the Republic and the Defense Forces, to maintain order and tranquillity in our country. [passage omitted]

Calderon Says Actions 'Drastic'

PA120152 Panama City ACAN in Spanish 0051 GMT 12 Jun 87

[Excerpts] Panama City, 11 Jun (ACAN-EFE) -- Ricardo Arias Calderon, president of the opposition Christian Democratic Party [PDC], said today after 5 hours of "house arrest" that the government "is incapable of peacefully leading the country."

Arias Calderon, who said he was released because U.S. Ambassdor Arthur Davis interceded on his behalf, condemned the establishment of the state of emergency as one of the "most drastic" acts of repression in this country's recent history. [passage omitted]

According to Arias Calderon, Noriega's retirement "is a good starting point" to achieve democracy in Panama. The politician indicated that he had talked with heads of state and diplomats of countries he declined to indentify to ask them to closely watch events in Panama and try to "find ways to express their solidarity."

Regarding the civilianization campaign, which is demanding the removal of those implicated in the charges raised by Diaz Herrera and has called for a general strike of private business, Arias said "it has been a success" in almost the entire country. Arias criticized, moreover, the "violent repression" against participants in the campaign. He added that he had learned "from very reliable sources" that a person died in the disturbances but he could not identify him. "We are a people in open rebellion against a regime that has confessed it is guilty of corruption and murder and now (the people) want democracy," the Panamanian politician said.

PDC'S ARIAS CALDERON UNDER HOUSE ARREST

PA111510 Panama City ACAN in Spanish 1458 GMT 11 Jun 87

[Text] Panama City, 11 Jun (ACAN-EFE) -- Ricardo Arias Calderon, president of the opposition Christian Democratic Party (PDC); and his family are under house arrest, his wife, Teresita de Arias, has reported to ACAN-EFE.

Teresita de Arias said that there are 10 people, including her husband, in the residence. Arias Calderon refused to talk over the telephone. Mrs Arias said a patrol car is stationed in front of the house and is preventing people from entering or leaving the house. According to Mrs Arias, the patrol car arrived at 0800 (1300 GMT) and since then has prohibited anyone from entering or leaving.

It is unknown if other opposition politicians are under house arrest as a result of the suspension of constitutional guarantees ordered by the government early this morning.

Views FDP 'Acts of Brutality'

PA092316 Panama City Radio Continente in Spanish 2128 GMT 9 Jun 87

[Statement by Ricardo Arias Calderon, PDC president, in Panama City at Radio Continente Studio; date not given -- live or recorded]

[Text] We came from PDC headquarters to be with all democratic Panamanians from all the parties and all [word indistinct] who had agreed to meet at this place of freedom of expression.

When we arrived at the Radio Continente building, the cars that had participated in the caravan began to enter the parking area located in the basement of the building. I stood on the sidewalk with the people who were right behind me. We were in the parking area, and we began singing the national anthem, which is what the Panamanians feel deepest in their hearts at a moment when we want a better future for our country.

At the conclusion of the anthem, the Doberman [Panamanian riot police force] group that was on the other side of the street began to cross the street. No insult had been shouted, no threat had been issued, and nothing at all had been thrown at anyone. I moved forward to be in front of the people. That was when I received the first blow. I was hit with a rubber hose. Then we heard threatening voices and those behind me were beaten. I tried to intervene. I imprecated a noncommissioned officer at the head of his group. I asked him why he was attacking if no insult had been issued and no act of violence committed; that we even had the right, as citizens, to cross the street, if we wanted to do so. He pretended he was going to let me cross the street but I looked back and realized that while I was walking across, the people following me were being beaten. I returned and tried to stop the acts of brutality. Then they began teargassing us. I thought I was going to be asphyxiated. I looked at my wife. I realized she had been beaten, that she had fallen. I tried to get closer to her. A group of people pulled me with them and I saw other people take my wife in another direction. I felt that little by little I was being asphyxiated.

The people guiding me -- I could not see very well -- led me toward the building and later they gave me a handkerchief with vinegar. My concern at that moment was my wife. I wondered where she was. Then they told me she was somewhere else, that she had been taken out of there.

I saw women, men, young and old, being beaten. They have marks of brutality on their bodies, of the indignity of a few [as heard] and this because they wanted to meet and say that they want democracy for Panama, that we do not want stealing, killings, corruption, and fraud for Panama.

Despite my experience today, because of my experience of today, I declare, with more conviction than ever, that we have to build in Panama a democracy so there will no longer be a few people who feel they have the right to brutally repress the large majority. This experience has made me certain that this regime will fall, that it has to fall. We are going to make it fall.

I take advantage of this opportunity to invite all Panamanians, who at this moment feel much shame because of what has been done to our fatherland, but who now have more hopes than ever that this will be changed, to paralyze the country in their own particular way, to stop going to school. Let the teachers, students, and parents, begin doing this. Let doctors give only emergency services, let attorneys close their offices, let businessmen close their doors.

I feel that if, little by little, without violence, in the next few days, we are able to paralyze the country, the regime will fall and we will be able to build on the ruins a democracy of peace and concord for the Panamanians. I make this appeal also to the very people who beat us, to the guard whose face I saw when he was beating me, a face I will never forget, to the guard who has children, sisters, a wife, parents. Let him imagine his sisters, parents, and children being beaten by another guard the way he beat me and the other people today. I am sure the relatives of this guard do not agree with what he was doing. I am convinced that deep inside he knows that his commander -- the biggest thief and repressor in this country, the person most responsible for murders in this country -- is harming mostly the soul of his institution and the honor of the military men under his command, and not us because only our bodies are being hurt.

I believe that those men, I deeply believe this, will help us change this regime and that together we will be able to establish a democratic and peaceful Panama where civilians and military men will know what their positions are and will be able to function there honestly and with good will.

I would do anything for that kind of Panama. [applause]

Interviews With Colombian Radio

PA111643 Bogota Emisoras CARACOL Network in Spanish 1215 GMT 11 Jun 87

[Telephone interview from Panama City with Ricardo Arias Calderon, PDC president, by Emisoras CARACOL Network reporter -- live]

[Text] [Reporter] What will happen in your country?

[Arias Calderon] I think the stoppage declared by the country's main business and labor groups will [word indistinct] strength in the face of the state of siege. The Panamanian Banking Association, which had never before in our history taken such a step, decided to join this stoppage. This means that all Panamanian banks with [word indistinct] in Panama will be paralyzed during the next [word indistinct].

The stoppage is also backed by the Panamanian Chamber of Commerce and Industries, the Trade Union of Panamanian Industrialists, the Social Security Institute's doctors, and similar organizations.

Yesterday, the people demonstrated an unusual rebelliousness, using every means available to them. I personally saw how more than 50 streets were spontaniously blocked by the people and how they maintained these blockades. Each time the riot police retreated, the people would lift the barricades in such a way that by the end of the day all the banking and downtown areas were no longer under the control of the riot police.

DIAZ HERRERA REQUESTS VENEZUELAN ASYLUM

PA112038 Panama City ACAN in Spanish 1951 GMT 11 Jun 87

[Text] Panama City, 11 Jun (ACAN-EFE) -- Colonel Roberto Diaz Herrera, retired, is negotiating political asylum in Venezuela, one of his spokesmen said today.

Diego Claffey, a U.S. priest, who is the guarantor of Diaz Herrera's security -- as he himself explained -- told ACAN-EFE that "a request of asylum for the entire family is being negotiated" in Venezuela through the Catholic Church.

Until late May, Roberto Diaz Herrera was the chief of staff of the Panamanian Army [as received]. Since Saturday, Diaz Herrera has been charging General Manuel Antonio Noriega with supporting electoral fraud in 1984 and ordering the murder of Hugo Spadafora, a Panamanian guerrilla and doctor who fought with the Sandinists. Diaz Herrera's statements have provoked general protests and demonstrations by civic and political opposition groups that led to street disturbances and clashes with the Panama Police [as received]. As a result of the disturbances that took place mostly in Panama City and Colon, President Eric Arturo Delvalle has declared a state of emergency and suspended eight articles of the Constitution.

The retired military officer fears that his family and home, where about 50 friends and followers are gathered, will become a "target of the Defense Forces in reprisal for his charges. Quoting "unofficial sources," Televisora Nacional reported today that it had learned that Diaz Herrera was negotiating asylum with the Apostolic Nuncio. Pablo Herrera, first secretary of the Venezuelan Embassy in Panama, told ACAN-EFE that "for the time being, there are no comments," and he neither confirmed nor denied Claffey's announcement. Diaz Jerrera's wife, Maigualida, is a Venezuelan citizen.

Correa Seeks Argentine Asylum

PA112134 Panama City Domestic Service in Spanish 2101 GMT 11 Jun 87

[Text] Before ending this network that was programmed to last from 1400 to 1600, we have a report from reliable sources that Mrs Mayin Correa has sought asylum in the Argentine Embassy. In our opinion, this is a sign of guilt, because it is well known that Mrs Mayin Correa is a legislator and therefore enjoys immunity. Nothing can be dne to her as long as she has the status of legislator.

This report has not been confirmed, but it has been provided to us from credible sources.

GENERAL NORIEGA APOLOGIZES FOR TV STATION ATTACK

PA112010 Panama City Domestic Service in Spanish 1900 GMT 11 Jun 87

["Text" of 11 June letter by Defense Forces Commander in Chief General Manuel Antonio Noriega to Nicolas Gonzalez Revilla, general manager of Telemetro Television (Channel 13), in Panama City]

[Text] Dear Nico:

Confirming my conversation this morning, I regret the incident that occurred at the entrance of Televisora Nacional [as heard] Channel 13. I have reviewed the videocassette, and have taken statements from the units involved. There was no predetermined act with bad intentions against the Channel 13 installations, which is a business friend, and together with us has carried out peace crusades -- which is what we are trying to obtain.

I hope you can understand the circumstances of someone in a given area, in a moment of violence, of threat, and danger, which was the way it was initially for the antiriot control units.

You may use this public excuse in whichever way you see fit.

Yours truly,

Everything for the fatherland!

Gen Manuel Antonio Noriega, commander in chief, Panama Defense Forces.

COLUMNIST CRITICIZES U.S. EMBASSY COMMUNIQUE

PA111607 Panama City MATUTINO in Spanish 11 Jun 87 p 5

["Point of Departure" column by Griselda Lopez: "Interventionist Jewel" -- passages within slantlines published in uppercase]

[Text] Independently of what happens in Panama -- in the past, present, or future, domestic affairs that are solely up to the Panamanians to resolve, [punctuation as published] the sword of Damocles that looms threateningly over our nation has once again become evident: U.S. intervention in our domestic affairs -- this time without any shame, as proven by the recent communique that the U.S. Embassy issued as a result of the recent crisis.

The offensive communique reads:

"The U.S. Government has noticed that the remarks by the former chief of the Panama Defense Forces General Staff /have caused a tremendous impact/ on the Panamanian people.

"The U.S. Government /supports the efforts/ by Panamanians 'to ensure that all facts be clarified/ in a way that is just for all."

We are told in this communique that "the Panamanians can only resolve the situation based on truth."

In addition to this, they insist in telling us that "the guaranteed existence of free communications media without /ties/ is the key to the Panamanians' reaching judgments amid a democratic climate."

/"The U.S. Government will continue to follow the situation closely."/ Why will it continue to follow the situation "closely," if not to intervene to "guarantee that all facts be clarified in a just way?" We believe this communique is a veritable affront, that it disrespects Panamanians, and that it is clear proof -- it expressly states that if the situation is not resolved according to their judgment, they will be ready to intervene to "support the efforts of the Panamanians." [sentence as published] Which efforts?

This jewel of interventionism must alert us because we are still considered a U.S. colony.

U.S. 'Trying To Use' Crisis

PA111955 Panama City Domestic Service in Spanish 1735 GMT 11 Jun 87

[Text] Alberto Rablota, Panama's Radio Nacional correspondent in Canada has sent us a dispatch expressing that Reagan is trying to use the internal situation existing in our country to weaken the national reaffirmation political process in Panama.

[Begin Rablota recording] The Reagan administration is attempting to take advantage of the internal situation created in Panama resulting from the statement by Colonel Roberto Diaz Herrera to weaken the political process of national reaffirmation, which began in 1968 with General Omar Torrijos and which has been continued by the Panamanian Defense Forces [FDP]. The U.S. propaganda apparatus, through the VOA and newsmen from the major U.S. newspapers, have begun to provide more information on Col Diaz Herrera's statement. Officials from the Reagan administration have asked the Panamanian Government to investigate the charges made by Diaz Herrera.

Officials from Washington have been telling U.S. newsmen that the charges made by Diaz Herrera should be investigated. Various sources have asserted that Diaz Herrera's attitude is a significant breaking in the FDP ranks. The objective of the Reagan administratin and some groups in the U.S. Congress is to behead the FDP from Noriega's command and the Torrijist doctrine, and impose elections for the return of the traditional parties, which according to the same sources, are in favor of casting doubts on the agreements on the transfer of the canal, and of its sovereignty.

THE NEW YORK TIMES quotes a U.S. Government official who admitted that by asking for an investigation of Col Diaz Herrera's statement, Washington was sending a clear signal of disapproval of Gen Noriega, who for the past few months, has been the object of a campaign of slanders that came from U.S. official circles.

Some circles in Washington are trying to read a division in the FDP through Diaz Herrera's attitude, which according to other sources, is unpredictable, because some 180 FDP high-ranking officers have expressed their solidarity with Gen Noriega, and have called Col Diaz Herrera a traitor.

What is purely a Panamanian internal affair has turned into a catalyst of a quick political polarization, which fits like a glove for the Reagan administration, a university student specializing in Central American affairs said.

A few days before the summit of the Central American presidents to be held in Guatemala, and with the White House trying to prevent a negotiated solution of the regional conflict, the creation of internal problems in Panama favors Washington and its policy of hindering the Contadora Group. Panama is a member of the Contadora Group.

U.S. ENVOY DAVIS 'REPUDIATED' FOR PRODEMOCRACY

PA111507 Panama City EXTRA in Spanish 11 Jun 87 p 19

[From the "People and News" section]

[Text] No one understands the leaders of the [government] process. Two weeks ago, they regarded Roberto Diaz Herrera as an honorable military man and a great chief. A few days later they have repudiated him and have even affirmed that he is insane. The same is happening to U.S. Ambassador Arthur Davis. First, they hated him, then they loved him, and now he is being repudiated because he has stated that he wishes a true democracy for Panama.

ARDITO BARLETTA COMMENTS ON REMOVAL FROM OFFICE

PA110437 Panama City Circuito RPC Television in Spanish 0333 GMT 11 Jun 87

[Statement by former President Nicolas Ardito Barletta in Panama City on 10 June -- recorded]

[Text] Good evening, friends. The country's current experiences are critical but timely. Critical because all of the information Colonel Diaz Herrera is disclosing focuses attention on very serious matters that heighten Panamanians' awareness. It is timely because it clarifies these matters, which are of the highest degree of national responsibility, with the participation of all and in a manner that allows for a necessary national reconciliation based upon respect for the Constitution and the law as essential rules for democratic coexistence.

Now that events have demonstrated what I foresaw in the economic and political fields, I must make two clarifications to the Panamanian people, who are sovereign over decisions regarding the country's fate.

First, the entire country knows my departure from office was forced, in violation of the Constitution and was mainly due to my decision to name an apolitical commission to investigate the murder of Dr Spadafora. On Wednesday, 25 September 1985, from New York, I insisted that Mr Delvalle and Col Diaz Herrera, who were together at the central headquarters, should announce the commission I had established on the previous day. When, on the following Friday at the Defense Forces headquarters, I was recriminated for this decision, I told the commanders they should support it." If not, the entire country would interpret the situation to mean they were responsible for the crime. Col Diaz Herrera has been very precise regarding the events on the day of my forceful separation.

On 26 April at the 1986 CADE [Annual Conference of Business Executives], I publicly said my separation from the presidency was not due to economic policy as it was made to appear. Differences in this field are negotiated and agreed upon. These agreements had already been made. My separation was due to essential political differences regarding the constitutional functioning of the different branches of state, the effective transition to an effective democracy, and the incidents of September 1985, my exact words on that date, and an obvious reference to the investigation of Dr Spadafora's murder. I still believe that peace and national reconciliation require a complete clarification of this crime.

Second, I took over the presidency in 1984, with a very narrow but legitimate margin of victory, with credentials issued by the organization in charge of this duty, a conviction based upon the information I receive and still have. If there was fraud as two former high-ranking officials [as heard] allege, the votes must be counted again and the results verified for the good of the nation.

The country needs a constructive change toward peace, effective democracy with justice and development, with respect for the Constitution and with a national reconciliation. That is why I made constructive change the center of my electoral campaign and my government actions. I also believe this is how the Panamanian people feel today. All Panamanians should impartially contribute to the achievement of this objective. My God help us find the path. Thank you.

SALVADOR'S DUARTE SENDS MESSAGE ON SITUATION

PA102306 Panama City Radio Continente in Spanish 2208 GMT 10 Jun 87

[Message from Salvadoran President Jose Napoleon Duarte, read by Radio Continente News Director Homero Londono]

[Text] I am concerned about the situation in Panama, and I hope the democratic process will lead to democracy in Panama, as it has in each of the Central American countries. I am very worried over the abuse of authority that is taking place, especially in the case of Ricardo Arias. [Calderon] And Teresita [Arias Calderon's wife] who were beaten in front of Radio Continente.

I am also concerned over the closing of Radio Continente today, because this is an indication of soical unrest that could lead to a worsening of the social conflict, ending in a crisis. In El Salvador we have witnessed this phenomenon, but unfortunately many leaders have refused to understand the problem, and the result for us has been 7 years of war with a total social breakdown that has led to the loss of values, the weakening of the economy, and in hatred and rancor among Salvadoran citizens.

This situation has not only claimed lives but has also caused grief and difficulties that could be overcome through a democratic spirit and process. This is my message to all countries that do not share the sadness of being the way we are in El Salvador. My advice to the leaders is that they should meditate on the fact that it is up to them to make room for the various sectors of national life, to allow them to express themselves and establish themselves democratically, socially, politically, and economically.

OPPOSITION PAPER LA PRENSA NOT TO PUBLISH 12 JUN

PA120002 Panama City ACAN in Spanish 2335 GMT 11 Jun 87

[Text] Panama City, 11 Jun (ACAN-EFE) -- A spokesman of the Panamanian opposition newspaper LA PRENSA has told ACAN-EFE that the daily will not be printed tomorrow "because of prior censorship."

According to the source, the newspaper was asked to submit to the authorities a draft of tomorrow's edition. The newspaper's directors decided not to comply with the request and to refrain from publishing tomorrow.

The spokeswoman emphasized that "LA PRENSA refuses to deliver material to be censored," adding that the newspaper will not appear until the state of emergency has been suspended, and the people have recovered their constitutional freedoms.

REPORTERS OF DELVALLE TV STATION LEAVE JOBS

PA120119 Panama City ACAN in Spanish 0016 GMT 12 Jun 87

[Text] Panama City, 11 Jun (ACAN-EFE) -- The reporters of a television station [not further identified] owned by Panamanian President Eric Arturo Delvalle have walked off their jobs until such time as their "personal safety" and "a worthy and trusthful exercise" of their profession are guaranteed.

The newsmen reacted to a communication from the Government and Justice Ministry reminding the media they must "abstain from publishing seditious and slanted news."

The ministry notes also that one of the eight articles of the Constitution that have been suspended is freedom of speech without prior censorship.

The Panamanian opposition newspaper LA PRENSA will not be published tomorrow because of "prior censorship," a spokesman for the newspaper told ACAN-EFE.

According to the source, the newspaper was asked to deliver to the authorities a copy of tomorrow's issue so it could be censored before publication, but the Board of Directors decided at a meeting not to publish the newspaper tomorrow.

The spokesman for LA PRENSA said that the newspaper will not be published until the state of emergency is lifted and constitutional guarantees restored.

Cristobal Sarmiento, director of the opposition newspaper EXTRA, announced tonight his newspaper will not be placed on the stands tomorrow. He added that the censor of the Government and Justice Ministry had told him he had to take the proofs of the paper to the ministry in order for it to undergo prior censorship, which he refused.

FDP, PROTESTERS WAGE 'ALL-OUT BATTLE' IN COLON

PA111750 Panama City LA PRENSA in Spanish 11 Jun 87 p 1A

[Article by Miguel Angel Rodriguez]

[Text] The Panamanian Defense Forces [FDP] on one side and students and adults on the other waged an all-out battle with stones, tear-gas, and firearms in various parts in Colon from 0900 to 1400 yesterday, Wednesday, 10 June.

By midafternoon, approximately 11 civilians, most of them wounded students, had been taken to the Amador Guerrero Hospital in that city.

In the morning, many high school students sat down on in the streets at the city's entrances, obstructing traffic for several hours. FDP troops, in combat gear and carrying tear-gas canisters and firearms, disbanded the groups that had been obstructing traffic. These same groups spread to various areas of Colon, and the GDP forces chased them.

Local businesses and public offices remained closed. The students attacked the government building, the IDAAN [National Water and Sanitation Institute] building, the Caja de Ahorros [a government-run savings and loans association] building, public phones, the Chase Manhattan Bank, the Banco Cafetero, and the Banco del Istmo, which were greatly damaged. In addition, Colon residents threw stones, chairs, and other objects from their balconies.

Meanwhile, Professor Vicente McIntosh, principal of Abel Bravo School, decided to suspend classes in the face of the tension. In addition, the Association of Colon Teachers sent a communique to LA PRENSA reporting that it has decided to go on a 48-hour strike to protest the country's situation. Saint Mary's School also went on a 48-hour strike to protest the incidents occurring as a result of the remarks by retired Colonel Roberto Diaz Herrera. The city of Colon went through difficult moments yesterday and is on alert.

CHAMBER OF COMMERCE PRESIDENT ARRESTED

PA112020 Hamburg DPA in Spanish 1936 GMT 11 Jun 87

[Text] Bogota, 11 Jun (DPA) -- Aurelio Barria, president of the Panamanian Chamber of Commerce, was arrested in front of the Panamanian Chamber of Commerce building by men dressed in civilian clothes, CARACOL Radio Network has reported.

Barria's arrest occurred when a Chamber of Commerce spokesman was talking with a CARACOL reporter about the situation this Central American country is experiencing, following the call to "civilian disobedience" seeking the resignation of General Manuel Antonio Noriega, chief of the Panama Defense Forces, who has been charged with corruption, electoral fraud, and participation in the murders of former President Omar Torrijos Herrera and political leader Hugo Spadafora.

After learning about Barria's arrest, the Chamber of Commerce spokesman made a distressed appeal to Colombia and its government to intervene and prevent the continuation of the repression.

The Panamanian Chamber of Commerce spokesman reported that the "Dobermen" -- state security forces -- have been deployed in front of the Chamber of Commerce building and are threatening to raid the building and expel the civic leaders inside it.

"We hold Gen Noriega directly responsible for anything that may happen to us," the spokesman said. The Chamber of Commerce spokesman is a former president of this organization.

He added that leaders from the Chamber of Commerce and the Civilianization Crusade are inside the building, in addition to teachers and labor leaders demanding Noriega's resignation.

WORKERS SOCIALIST PARTY SUPPORTS GENERAL STRIKE

PA111650 Panama City LA PRENSA in Spanish 11 Jun 87 p 3A

[Communique issued by the Workers Socialist Party in Panama City on 10 Jun]

[Text] The workers who staged a strike against Law No 1, which amended the labor code, who struggled in the ministries for our wage scales; the teachers who struggled against the deterioration of education; all of us who struggled against the amendments to the Social Security Law must use the present crisis to prevent the imposition of the measures against the nation and people.

This regime, along with the IMF, the World Bank, and the U.S. Government and Army, want to continue imposing on us more hunger and unemployment.

We should wait no more; let us guarantee the triumph of the general strike, carrying out strikes in enterprises, going to the streets and blocking them everywhere, to end the regime and prevent the hunger plan against the people.

The Workers Socialist Party (PST) calls on the rank and file of CONATO [National Council of Organized Workers], [National Federation of Associations and Organizations of Public Employees], teachers, and all Panamanian people to join the general sit-down strike.

Everyone to the streets!
Viva the general sit-down strike!
Down with Delvalle, Noriega, and their henchmen!
To restore the country destroyed by the military: A constituent assembly now!
(Signed) PST
Panama, 10 June 1987

Businessmen Call Strike 'Success'

PA120317 Panama City ACAN in Spanish 0201 GMT 12 Jun 87

[Text] Panama City, 11 Jun (ACAN-EFE) -- Businessmen of the so-called civilianization crusade today said the indefinite general strike declared by 35 civic groups as a "civil disobedience" measure "was a success" on its first day.

A business leader told ACAN-EFE that the paralyzation of activities in Panama City was 95 percent successful, while it was 100 percent successful in most of the capitals of the provinces.

A source of AMOACSS, Association of Doctors, Odontologists, and Related Professionals of the Social Security Fund, told ACAN-EFE that its 1,800 members backed the strike today, have protested the detention of some of the group's members, and have threatened to paralyze the health services if the government actions continued.

The sounds of beating on pans and the sounding of automobile horns were again audible in the capital of 900,000 inhabitants at nightfall (2000 GMT), although with less intensity than at noon. Reporters confirmed the city's main streets and avenues were half-deserted at noon and that most of the stores, banks, and industries remained closed.

Early in the evening, soldiers in combat gear continued to patrol several areas of the capital, particularly residential, banking, and university zones, where roadblocks were erected and clashes between antiriot forces and antigovernment demonstrators occurred on Tuesday and Wednesday.

The University of Panama was vacated, with dozens of soldiers surrounding it, while others were inside. According to the Constitution, the university is autonomous and its premises cannot be violated by the Armed Forces.

Some gas stations, supermarkets, and restaurants were open, but spokesmen for the Civilianization Crusade said these businesses have announced they will be closed tomorrow.

FDP troops have arrested hundreds of persons who participated in demonstrations in their automobiles throughout the city by waving white handkerchiefs through their car windows, and by blowing their horns to demand clarification of the charges raised by the former chief of the Panama Defense Forces General Staff against General Manuel Antonio Noriega and other government authorities.

In view of the disturbances of Tuesday and Wednesday, the Panamanian Government suspended nine articles of the Constitution that guarantee such rights as freedom of speech without prior censorship, the right to habeas corpus, inviolability of domicile, and freedom to hold peaceful meetings and demonstrations.

Unofficial sources told ACAN-EFE that Mayin Correa, legislator for the Labor Party, which is part of the government coalition, has asked for political asylum at the Argentine Embassy in this capital. However, confirmation of the report could not be obtained at the diplomatic mission.

During the last few days Correa condemned via Radio Continente the "political corruption" in the country and urged the people to hold demonstrations to demand that the charges of corruption and electoral fraud raised by Colonel Roberto Diaz Herrera be clarified.

A source noted that Radio Continente and Radio Mundial, which had been asking the population since Monday to participate in demonstrations against the government, are off the air although the Government and Justice Ministry has not ordered them closed.

The opposition newspapers LA PRENSA and EXTRA have announced that they will not be published tomorrow, Friday, because they refuse to submit to prior censorship.

BUSINESSMEN WITHDRAW FROM MEETING IN COSTA RICA

PA120411 Panama City ACAN in Spanish 0211 GMT 12 Jun 87

[Text] San Jose, 11 Jun (ACAN-EFE) -- Today a delegation of Panamanian businessmen withdrew from a trade meeting held with Costa Rican authorities because the businessmen "refused to support" the current Panamanian Government.

During the meeting, which began on Monday with the participation of Costa Rican and Panamanian businessmen and industrialists, and held at an official level, officials from both countries reviewed a 1972 commercial treaty in which they were trying to expand the list of products for exchange.

Guillermo Fernandez, spokesman for the Panamanian businessmen, said the delegation withdrew from the negotiations because "they could not back or support any of their government's positions" in these negotiations.

Fernandez said that withdrawing from the joint talks will not adversely affect the development of the meeting or the terms of the agreements that may be reached by both governments, because their proposals were already presented in the meeting, which was held the first 3 days of the week at a businessman level.

"We are always ready for a dialogue, but we want a dialogue with a civil, democratic government that respects human rights, and this is not the case in Panama," Fernandez said.

The businessmen made the decision after the Panamanian Government decreed early Thursday morning the suspension of constitutional guarantees in view of the wave of protests and civil disobedience of the last few days.

The protest began after statements made by Roberto Diaz, former chief of staff of the Panamanian Defense Forces, who said that President Eric Arturo Delvalle's government is not legitimate because it is the result of a fraud committed by the military against former President Arnulfo Arias Madrid, the presidential candidate in the last elections.

LA PRENSA PUBLISHES LIST OF 'CRUSADE' SUPPORTERS

PA111910 [Editorial Report] Panama City LA PRENSA in Spanish in its 11 June issue publishes on page 3A a list of the associations that have joined the Civilianization Crusades:

Panamanian Chamber of Commerce, Industries, and Agriculture, Authentic Independent Teachers Movement, Association of Panamanian Life Insurance Brokers, Lions Club of Panama, National Association of Panamanian Fishing Industry, Association of Professors of the Republic of Panama, Panamanian Association of Orthodontics, Kiwanis Club of Panama, Panamanian Active 20-30 Club, CAPECOSE [expansion unknown], Catholic Church, Panamanian Odontological Association, Panamanian Association of Insurance Law, Panamanian Association of Business Executives, National Association of Insurance Brokers, Trade Union of Panamanian Industrialists, Association of Colon Free Zone Users, Panama Chamber of Construction, Santa Maria la Antigua University Students Association, Association of Automobile Spare Parts Distributors, Panamanian Association of Re-Insurance Brokers, National Association of Furniture Stores, Santa Maria la Antigua University Professors Association, Association of Real Estate Property Owners of Panama, Rotary Clubs, National Independent Union for Democratic Action, Metropolitan Kiwanis Club, Panama's Northeast Rotary Club, Panama's Lion's Club, Association of Travel Agencies and Tourism, Junior Chamber, National Union of Small and Medium Enterprises, Association of Public Accountants, Panamanian Association of the Tuna Industry, AREDIS [Association of Representatives of Distributors of Phamaceutical Products], Action Movement of the School of Law, AMOACSS [Association of Doctors, Dentists, and Related Professionals of the Social Security Institute], Association of Panamanian Life Insurance Brokers [repeated as published], United Panamanian Teachers Organization, National Association of Journalists, SPIA [Panamanian Association of Engineers and Architects], Northeast Panama's Rotary Club, Children's Welfare Association, Association for Panamanian Children, Children and Youth Committee.

ASSEMBLY'S DIAZ URGES CALM UNTIL NEXT ELECTIONS

PA111023 Panama City Domestic Service in Spanish 0925 GMT 11 Jun 87

[Statement made by Ovidio Diaz, president of the National Assembly; date and place not given -- recorded; broadcast in progress]

[Excerpt] [Passage omitted] Here, in the Legislative Palace, there are now over 35 legislators of the UNADE [Nationalist Democratic Union] who have come to exchange impressions, talk about the present political situation, and plan the actions that have to be taken tomorrow, so the assembly will be able to continue along its historic course in these apparently difficult moments to which we have been brought by opposition groups involved in a full-scale campaign of conspiracy and sedition.

We believe that, over and above all political passions, it is necessary to preserve constitutional order, that it is necessary to preserve the three established powers of government: the Executive Branch, the Judicial Branch, and the Political [as heard] Branch, which is the Legislative Branch.

We believe it is necessary to resolve differences among the Panamanian people at the polls in 1989, not now, by means of coups or threats of coups which our Panamanian people cannot accept because they could mean a violent confrontation with a high toll of blood, pain, and mourning for the Panamanian people. [passage omitted]

TEACHERS CALL MEETING TO DETERMINE ACTION

PA082300 Panama City Radio Continente in Spanish 2147 GMT 8 Jun 87

[Communique issued by the Panamanian United Teachers Organization; date and place not given]

[Text] The United Panamanian Teachers Organization appeals to all citizens in general and to its members in particular to maintain a critical and thoughtful attitude with the objectivity demanded at the moment on the events that have shaken the nation during the last few hours.

Aware of the seriousness of the situation that affects us all, we invite you to remain alert concerning the events that have been developing. Therefore, we recommend to each and every teacher to come to the headquarters of your organization, where we will responsibly determine what action to take.

[Signed] Leadership committee of the Panamanian United Teachers Organization.

JUDGE DECLARES DUE OBEDIENCE LAW UNCONSTITUTIONAL

PY112224 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2120 GMT 11 Jun 87

[Text] Buenos Aires, 11 Jun (NA) -- Juan Ramos Padilla, the federal judge of Moron, Greater Buenos Aires has declared as unconstitutional Article 1 of Law 23521, which is popularly known as the Due Obedience Law.

The judge believes this article violates Article 16, which contains the principle that everyone is equal before the law, and Article 18, which contains the principle of the right to a fair trial, of the Constitution.

Padilla's decision was handed down in the case in which the kidnappings, torture, and homicides committed at Posadas Hospital are being investigated.

CAMPO DE MAYO REBEL LEADER AWAITING RETIREMENT

PY112314 Buenos Aires DYN in Spanish 1130 GMT 11 Jun 87

[Excerpt] Buenos Aires, 11 Jun (DYN) -- Reliable sources have revealed that Army Chief of Staff General Jose Dante Caridi has reportedly "relieved" Lieutenant Colonel Enrique Venturino, one of the commanders of the Holy Week military rebellion, "of duty, ending further action." The sources added that the corresponding order is already on the desk of Colonel Alfredo Manuel Arrillaga, chief of the Personnel Department, awaiting his signature.

Apparently, Venturino has been verbally informed of his situation which technically means he is waiting to be obliged to submit his retirement from the Army. [passage omitted]

ARMY CHIEF PAYS TRIBUTE TO FALKLAND HEROES

PY120059 Buenos Aires BUENOS AIRES HERALD in English 11 June 87 p 11

[Text] (NA-DYN) -- Army Chief of Staff Jose Caridi yesterday marked Malvinas Day with a message stating that Argentina's failure to successfully defend the South Atlantic archipelago five years ago was only one more battle lost rather than a decisive setback.

He compared it to defeats against the Spanish in the war of independence -- Vilcapugio, Ayohuma, Cancha Rayada, Obligado and Curupayti -- which had no final effect on the course of the war.

Caridi also described the intention of Argentina's founders as "a co-existence based on justice, which means respect for the National Constitution, its laws and the democratic system."

The general emphasized the strategic location of the Malvinas near the junction of the Atlantic and the Pacific Oceans, as well as the Antartic.

Turning to the war, he paid tribute to the faith and heroism of all who "nobly fought a materially superior enemy" as an example for present and future generations as well as an affirmation of sovereign rights over the Malvinas. He described the war dead as "sentinels" on the islands.

Caridi expressed confidence "that truth and justice would find their reward in the appropriate (international) forums."

The ceremony, which centered around the unveiling of a monument to the war dead, was also attended by ministers Horacio Jaunarena (defence), Antonio Troccoli (interior) and Pedro Trucco (public works), presidential chief-of-staff Carlos Becerra and Defense Secretary Alfredo Mosso, as well as wartime Malvinas military governor Mario Benjamin Menendez and former Army Chief of Staff Elbio Anaya and Hector Rios Erenu.

At the ceremony Jaunarena confirmed that President Raul Alfonsin would take the final decision on Mosso's resignation upon his return from Geneva, as well as on other reforms to the ministry structure. He also said it was necessary to modernize the Armed Forces to defend national sovereignty.

Jaunarena further confirmed that recent remarks by Mayor Jorge Duran and Lieutenant-Colonel Enrique Schinelli Garay were being studied and that both could be punished.

Duran, who headed the April 21 military uprising in Salta, recently said the nation's enemies were identified and their throats would soon be cut while Schinelli Garay defended the Army's role in the anti-terrorist campaign and said the Easter Week risings were purely an internal matter for the force.

Jaunarena downplayed statements by Alfonsin in Switzerland that 50 senior officers would be tried even now that the "due obedience" law has been passed, saying the 50 had only been summoned and that it was up to the courts to determine their degree of responsibility.

In other reactions, Senate foreign relations committee chairman Adolfo Gass (Radical-Buenos Aires) said in Cordoba that Argentina's attitude towards the Malvinas was best described as "active patience".

Gass said if the Labour Party wins today's elections in Britain, the Argentine Government would sit down to negotiations. He added a Margaret Thatcher victory was the more likely outcome but a reduced majority might force the Conservatives to respect United Nations resolutions and discuss sovereignty.

The Centre of Malvinas War Veterans said that British property in Argentina should be confiscated as a form of pressure and that all investigations into the responsibility for the 1982 defeat should continue.

June 10 has traditionally been celebrated as Malvinas Day in order to mark the creation of the Malvinas military command by Buenos Aires Governor Martin Rodriguez 158 years ago.

CHARGES AGAINST GENERAL CARIDI REJECTED

PY102125 Buenos Aires BUENOS AIRES HERALD in English 10 Jun 87 p 9

[Text] (NA-DYN) -- Federal Judge Miguel Pons yesterday rejected charges filed against Army Chief-of-Staff Jose Caridi for the crime of eulogizing a convicted person.

Luis Herrero, who filed the accusation, claimed that in his Army Day speech the military chief had ratified the fight against subversion and, therefore, indirectly those who carried it out, including those now in jail on charges of illegal repression.

Judge Pons explained that the crime of "eulogizing crime" requires praise for the criminal specifically in connection with the crime. In this case, Caridi would have had to praise the former commanders in chief for the excesses they committed.

In related news, Caridi is reportedly analyzing the terms of a letter sent to him by Colonel Enrique Schinelli Garay to determine if the latter should be sanctioned for some of his statements. He was also said to be considering a similar outburst by Major Jorge Duran, who led an uprising in Salta in Easter Week, although Army sources said Duran's remarks had been taken out of context.

Colonel Schinelli Garay ratified in his letter "the attitude assumed" by a group of rebellious officers during Easter Week, praised the antiterrorist campaign and criticized the economic policies implemented by ex-minister Jose Martinez de Hoz during the last military regime. The defence and democracy committees yesterday requested that Defense Minister Jose Horacio Jaunarena have Major Duran "arrested and cashiered" for "instigating violence and coupmongering.

NUCLEAR WORKERS DEMANDS MET; STRIKE LIFTED

PY111857 Buenos Aires Domestic Service in Spanish 1600 GMT 11 Jun 87

[Text] Atucha and Embalse nuclear plant personnel have suspended their strike. The National Commission for Atomic Energy yesterday reported that the conflict was overcome because the Economy Ministry has authorized a salary hike of 25 percent. Operation at the nuclear plants had been suspended because of the strike. At the beginning of next week the plants will again be in operation.

PRESIDENTIAL SECRETARY DISCUSSES ARMED FORCES ROLE

PY110156 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1320 GMT 9 Jun 87

[Text] Buenos Aires, 9 Jun (NA) -- Carlos Becerra, secretary general of the Presidency, has warned that those who expect some kind of compensation [contrapago] from the Armed Forces over the Due Obedience Law "are completely mistaken" because "this is not a balancing act and it is not good to continue to insist on mutual concessions from both sides." Becerra added that "we assume here no one wins and no one loses. It is society as a whole that has won as a result of a basic consensus and agreement."

In comments to the morning daily PAGINA 12, Becerra stated that it is necessary "to again discuss the role of the Armed Forces in this new Argentina and their integration into the democratic process."

Becerra emphasized: "To democratize the Armed Forces not only means to integrate them into the democratic system but also to the possibilities of development and social justice." Becerra added "these are the topics that must be discussed and now, after the trial issue has been clarified, I believe they can be." Becerra announced that with this goal in mind "a commission will be formed to study the military issue." Thus, "a [word indistinct] messages will be exchanged between civilians and the Armed Forces."

Concerning the speeches recently made by Army Chief of Staff General Jose Caridi, Becerra said "he is using an approach disliked by a sector of the Argentine society but, at the same time, these speeches contain important passages that speak of rethinking the role of the Armed Forces in the Republic."

FURTHER REACTION TO CHILEAN DENIAL FOR SEA OUTLET

Garrett, Bedregal on Decision

PY110132 Madrid EFE in Spanish 0358 GMT 10 Jun 87

[Text] La Paz, 9 Jun (EFE) -- Today, after receiving the report on the Chilean rejection of the Bolivian proposal for a sea outlet, Bolivian Vice President Julio Garrett stated that "Bolivia will never be defeated."

Although the Bolivian Government's official answer to the Chilean decision will be revealed tomorrow after President Victor Paz Estenssoro analyzes the situation, Foreign Minister Guillermo Bedregal today said he regretted the Chilean decision adding that it is only "a temporary setback."

Bedregal, who headed the recent negotiations with Chile, said that the Chilean Foreign Ministry had suffered "a setback" because of pressures from the Armed Forces.

Senate President Ciro Humbolt has suggested, however, that Bolivia should immediately break trade relations with Chile as a drastic response to the decision.

Bolivian social organizations and political sectors were filled with disappointment and criticism. These sectors labeled Chile's refusal to grant Bolivia an outlet to the Pacific Ocean as a "lack of solidarity and international injustice."

Vice President Julio Garrett has said that Santiago's decision had to be taken as "a test." He also said that "we may fall down 100 times, but we will get up again each time."

Some of the ministers lamented General Augusto Pinochet's decision and pointed out that Bolivia is once more a victim of international incomprehension.

Opposition congressmen have said that nothing else could be expected from "the Chilean dictatorship," and that it is necessary to promote national awareness of the problem of the sea outlet.

Pinochet's government tonight officially rejected the Bolivian proposals to obtain a land corridor or a port enclave, thus putting an end to Bolivia's ninth attempt to obtain an outlet to the Pacific Ocean, an outlet it lost in the 1879 war against Chile.

Banzer, Minister Comment

PY111652 La Paz La Red Panamericana in Spanish 1130 GMT 11 Jun 87

[Excerpts] Referring to the possibility of breaking commercial ties with Chile, Industry and Commerce Minister Fernando Moscoso said that before taking that step, all positive and negative factors involved must be calmly analyzed. This is what the minister told Bolivian journalists:

[Begin recording] I think we should cool down to analyze the possibility of closing our border. We have to analyze the terms of exchange with Chile, and the quantity of Chilean products we buy. Everyone knows that there is a large quantity of such goods; we have to see what we will lose if we close our border. I think this situation must be analyzed with a cool head. The Industry and Commerce Ministry is in charge of this analysis. [end recording]

This is what the minister said at Government House after a routine meeting with President Paz Estenssoro. [passage omitted]

In turn, upon returning from La Paz to Santa Cruz, General Hugo Banzer, retired, said Chile has once again opposed the Bolivian cause, adding that, contrary to what happened in the past, now they have openly rejected the Bolivian request.

Bedregal on 'Coward' Del Valle

PY111854 La Paz La Red Panamericana in Spanish 1700 GMT 11 Jun 87

[Excerpt] Bolivian Foreign Minister Guillermo Bedregal Gutierrez has said his Chilean counterpart has acted in a cowardly manner and has left a very bitter impression in the Bolivian Foreign Ministry. Bedregal Gutierrez has made very harsh remarks against Chilean Foreign Minister Jaime del Valle.

[Begin Bedregal recording] I do not think I am mistaken. I have treated him as a decent Latin American man. From the very beginning I told him about the Bolivian proposal. I even drew him a map on a napkin before submitting the official proposal in Montevideo.

In New York, as he was about to board the plane to return to his country, I gave him a sealed envelope and told him: Jaime, open this envelope when you are on the plane that will take you back to your country; it includes the basic guidelines of the Bolivian maritime demand.

Del Valle can by no means say that the proposal submitted in Montevideo was a surprise. The fact is that being an official of a totalitarian government, he is also a coward. And I am very sorry to say this, since I respected him because he is a foreign minister, and not a mere puppet who has to obey the orders of a stubborn puppeteer. I say this with the intention of establishing the historical truth, and especially [words indistinct] that Jaime del Valle is a coward. [end recording] [passage omitted]

Minister on Chilean Migration

PY111903 La Paz La Red Panamericana in Spanish 1700 GMT 11 Jun 87

[Text] Interior Minister Juan Carlos Duran stated this morning that Chilean migration will be controlled in accordance with decisions adopted by the Foreign Ministry regarding current relations with Chile. Migration has always been under control. Therefore, the same measures adopted in Chile will also be adopted in Bolivia.

[Begin Duran recording] You know very well that the government policy is to impose a strict control on everything related to migration, and, obviously, in this case we have to enforce all measures provided by the law. [end recording]

The interior minister concluded by saying that so far we have received no official report on the obstacles imposed in Chile on the circulation or residence of Bolivians in Chile.

Call for Minute of Silence

PY111642 La Paz La Red Panamericana in Spanish 1130 GMT 11 Jun 87

[Text] The government has called upon the people to express their desire to regain an outlet to the Pacific Coast, which was usurped by Chile in 1879. The government's call says that at noon today, all Bolivians should observe 1 minute of silence, during which television and radio stations will air the national anthem.

The call, issued by the Information Ministry, reads as follows:

The government hereby invites all Bolivians throughout the fatherland to reaffirm today, through a symbolic action, our willingness to return to the Pacific coast despite circumstantial obstacles like the one recently raised by the Chilean Government.

This reaffirmation, intended to reach all corners of our country and the entire world, will be expressed at 1200 sharp, when all radio and television stations will go into network with the state-run radio station and with television channel 7 to air the national anthem.

All Bolivians should stop wherever they are to join this action of reaffirmation of our right to an outlet to the sea. We want the entire world to know that we will never give up in our struggle to repair this historical injustice and that this effort will be implemented through our regional and hemispheric policy.

We will thus answer the Chilean Government's arrogance with a peaceful but firm and resolute action.

Call Observed

PY120258 La Paz La Red Panamericana in Spanish 1700 GMT 11 Jun 87

[Text] With civilian zeal and patriotism, the country was paralyzed today at noon.

The government call led on all sectors in Bolivia to observe a minute of silence to protest, at an international level, the attitude adopted by Chilea. The call was widely observed, according to reports received from throughout the country.

President Victor Paz Estenssoro, along with the Cabinet and the military leadership, went to Murillo Square.

The principal national and district government authorities stood in front of the monument of Pedro Domingo Murillo while a trumpet was heard, enhancing the minute of silence, and then the national anthem was sung.

Later, students, politicians and citizens in general, who virtually filled Murillo Square, left the site, cheering Bolivia and expressing their support for the motion to stop trade with Chile. Several women were shouting at noon at Murillo Square. This was a summary of the minute of silence in La Paz.

Politicians from leftist parties, including the Nationalist Democratic Action (ADN) have agreed on the need to unite, focusing on a nationwide strategy to again demand what lawfully belongs to us and our outlet to the sea, which was lost in the unjust War of the Pacific in 1879.

The Bolivian Armed Forces have urged national unity, centering on a common goal; that is, a free and sovereign outlet to the sea. Bolivian Armed Forces Commander in Chief General Gonzalo Saavedra made some comments at noon today. Gen Saavedra said the minute of silence and the reactions reported in the country following the negative Chilean response to our claim for an outlet to the sea are extremely positive.

Let us now listen to the comments made by the Armed Forces commander in chief.

[Begin recording, in progress]... is exactly what we, Bolivians, must do. [Words indistinct] through our symbols, the national anthem, the flag, the emblem [words indistinct]. This has always been necessary. [end recording]

These were comments made by Armed Forces Commander in Chief Gen Gonzalo Saavedra, who then said that while the [word indistinct] of the Armed Forces and other sectors in Bolivia are being noticed by the government, the decisions remain in the hands of Captain General Victor Paz Estenssoro.

U.S. POSITION ON DRUG CONTROL TERMED 'POSITIVE'

PY120044 La Paz PRESENCIA in Spanish 3 Jun 87 p 1

[Quotation marks as published]

[Excerpt] Foreign Minister Guillermo Bedregal has charged that, contrary to popular opinion, "the large drug consumer markets are the real criminals." He said: "He who transforms, consumes, and turns a simple green leaf into a scourge for mankind is the criminal."

Reporters asked him, "Does the U.S. Government concur with you?" He replied: "It must concur. I wonder why you are highlighting this problem. Who told you that the United States does not concur?"

He was then asked: Mr Minister, the proposals formulated by the U.S. Government have conditioned the support for the antidrug struggle on the total eradication of coca farms.

"The basic 3-year plan does not work like that he replied. The emphasis of the program lies on the repression of criminals, of the Mafia. This is a penal problem that calls for government action. This is obviously coupled with the reduction of coca acreage, a crop that must be replaced on the basis of a comprehensive rural development program. Ths program should provide for infrastructure, tools, and, above all, for a market for the products that replace the coca crops."

Concerning former Peasant Affairs Minister Sandoval Moron's charges that the United States has exerted pressure for the implementation of the replacement of the coca crop in the antidrug plan, Bedregel said: "I do not let anyone pressure me, and no one has pressured me. I do not give in to pressure because I see this issue in light of my own conscience and of the Foreign Ministry's 100 years of experience. The United States has adopted a very positive and flexible attitude. They have had domestic problems, which I understand, concerning the funding of a program of this kind. This is very serious."

The minister said it is important that talks with peasant leaders have begun. He said he expected to reach an agreement on the implementation of the antidrug plan. He added: "Now we have the chance to talk with those who are playing an active role in this situation." [passage omitted]

GOVERNMENT SEEKS 'POSTPONEMENT' OF PARIS TALKS

PY112358 Rio de Janeiro Rede Globo Television in Portuguese 2255 GMT 11 Jun 87

[Text] In the wake of a day full of rumors in all financial markets nationwide, the government has again denied a new economic shock treatment. Today, in Brasilia, Finance Minister Bresser Pereira made several denials: He said that there will be no new price freeze, no new banking holiday, no additional tax on the open market, and no new maxidevaluation of the cruzado.

The finance minister also announced that Brazil will request the postponement of the resumption of debt negotiations with the Paris Club.

Negotiators Depart

PY120235 Rio de Janeiro O GLOBO in Portuguese 11 Jun 87 p 1

[Text] Brazil will start today its talks with the Paris Club to renew an agreement with its official creditors that will fall due on 30 June. Rubens Barbosa, secretary for international affairs of the Finance Ministry; and Antonio Padua Seixas, director of the Central Bank Foreign Debt Department; left yesterday for France. The government has been trying to keep their trip secret. Their main objective is to establish an agenda for the renegotiation. They are going to talk to representatives of the creditors to see whether it will be necessary for a Brazilian Cabinet member to personally go to Paris to explain the problems Brazil has been facing regarding its foreign debt.

FINANCIAL LEADER SAYS CRISIS WORST IN HISTORY

PY101637 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 9 Jun 87 p 30

[Text] Brazil is in the middle of its worst financial crisis in history. Nearly 30 percent of the economic activities are in a state of insolvency. The high nominal interest rates has caused the enterprises indebtedness to double in the last 5 months. It can then be assumed that part of the productive sector will soon have all its capital at risk. This is the evaluation made yesterday by Claudio Bardella, member of High Economics Council of the Sao Paulo State Industries Federation (FIESP). For Bardella, the economy is in "a state of illiquidity."

A survey conducted yesterday at a meeting of the FIESP Executive Board indicates that enterprises of 56 percent of the entities represented at the that meeting are already in recession. Representatives of 50 industrial organizations present were and only 22 reported that activities in their areas maintain a stable level. At that pace, according to Bardella, the whole industrial sector will be experiencing the effects of a recession within 60 days, since a slowdown in production began on 15 May. Bardella also noted that the classical measures to reactivate the economy, such as stimulus to civil construction and longer payback periods for consumer credit, might push annual inflation to 2,000 percent.

Walter Sacca, FIESP Economy Department director, who accompanied Bardella at the news conference where the topics discussed at the meeting were revealed, affirmed that the businessmen are awaiting the disclosure of Finance Minister Bresser Pereira's economic program by 20 June, as promised. In Sacca's opinion, that program will not stave off recession, but will contribute to reducing its depth and its duration.

Bardella stressed that the government program should provide for austerity and offer solutions for some sectors of the economy, such as small- and medium-size enterprises. It will also have to eliminate government investments, because even resources to continue projects under way are not available, Bardella observed.

He then added: "Brazil must stop living in a world of fantasies. This time the economic crisis is more serious because it is a financial crisis, not a structural crisis as the one early in this decade." Therefore, according to Bardella, the crisis might be deeper and cause a higher rate of unemployment than in 1981-83.

Nearly 4,000 businessmen will meet today at the Anhembi Convention Palace beginning at 1700 to debate topics such as the independence of free enterprise, economic policy, public deficit, statism, and the Constituent Assembly. This is the number of businessmen the organizers of the meeting to outline the "National Thinking of the Entrepreneurial Bases" expect to attend.

IRAQI EMBASSY CONDEMNS U.S. POSITION ON ARMS

PY120233 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 11 Jun 87 p 11

[Text] Brasilia -- Yesterday, the Iraqi Embassy here condemned the alleged U.S. Government's intention to block arms sales to Iran and Iraq as revealed by a White House official. This measure could affect trade between Brasilia and Baghdad because Iraq is the main buyer of Brazilian arms.

Satar Abdul Husayn, press adviser of the Iraqi Embassy, has said: "As free, independent countries, Brazil and Iraq may engage in any type of trade." In this respect, the Brazilian Government will only accept the UN decisions.

FOREIGN MINISTER BEGINS VISIT TO EGYPT 10 JUN

For coverage of the official visit by Foreign Affairs Minister Roberto Costa de Abreu Sodre to Egypt, including his meetings with senior Egyptian officials, see the Egypt section of the 10 June Near East and South Asia DAILY REPORT and subsequent issues.

BRIEFS

NEW JUDGES ELECTED -- The Federal Court of Appeals today elected Ministers Evandro Gueiros Leite and Washington Bolivar Brito as its chairman and deputy chairman. The recently elected officials will be installed on 23 June. [Summary] [Brasilia Domestic Service in Portuguese 2200 GMT 4 Jun 87 PY]

MATTHEI URGES CIVILIAN CANDIDATE FOR 1989 ELECTIONS

PY111916 Santiago Radio Chilena Network in Spanish 1700 GMT 11 Jun 87

[Text] Commenting on remarks that Admiral Jose Toribio Merino made to a foreign newspaper, General Fernando Matthei has said the candidate for the 1989 elections must be a civilian. Merino said the candidate must be a center-rightist leader, between 53 and 56 years of age, who should maintain the principles of the economic policy enforced in our country. Asked whether the candidate must be a civilian, Matthei said:

[Begin recording] [Matthei] Yes, I believe it is appropriate to have a civilian candidate. But, again [changes thought] ... this is today's ideal situation. We will see [words indistinct] concrete action must be taken. It is necessary to take concrete action and then see [words indistinct] who we can find.

[Reporter] Do you believe that [words indistinct] that ideal?

[Matthei] No, no, no! [Words indistinct] we have said there is still more than 1 year before the election. In 1 year we will see. We are seeing [changes thought] ... now, ... I believe the Armed Forces must guarantee this process. We guarantee that Chile will have a process as set forth in the Constitution. We will look for a person whose qualifications are closest to our ideal. All of us should reach an agreement. It is not only my own ideal candidate or the admiral's ideal candidate. Whoever it is must be the candidate of all of us. [end recording]

Merino, Otero Agree

PY112018 Santiago Domestic Service in Spanish 1700 GMT 11 Jun 87

[Text] Rafael Otero, secretary general of the Radical Democratic Party [PDR], has said that comments by Navy Commander in Chief Admiral Jose Toribio Merino that the presidential candidate in the upcoming plebiscite should be a civilian are part of a logical analysis of the political variables provided for in the Constitution. Adm Merino made these comments to a correspondent from the [name indistinct] radio station, owned by the BBC in London.

In his comments, the Navy commander in chief also said he does not believe President Augusto Pinochet will run for president again. In addition, Rafael Otero pointed out that one must not forget if Pinochet runs he will have to resign his position as Army Commander in chief, thereby becoming a civilian. Adm Merino added that the civilian candidate for the presidency of the Republic should be between 52 and 53 years old.

MATTHEI VIEWS 1989 PLEBISCITE, BOLIVIAN PROPOSAL

PY112204 Santiago Domestic Service in Spanish 1700 GMT 11 Jun 87

[Excerpt] FACh [Chilean Air Force] Commander in Chief General Fernando Matthei today stated that the Armed Forces cannot be involved in the 1989 plebiscite but must guarantee the process.

In addition, Gen Matthei agreed with the Navy commander in chief, Adm Merino, concerning the conditions that a civilian should be the presidential candidate. Here are the details from Fernando Recabarren from Government House, followed by another report on this issue.

[Begin Recabarren relay] Air Force General Fernando Matthei has stated that he fully agrees with the ideal characteristics described by Adm Merino regarding a presidential candidate. Gen Matthei made these comments after meeting with the chief executive here at La Moneda Palace, adding that he fully agrees with the characteristics given by Adm Merino.

[Begin recording] [Matthei] In the first place, I believe one thing must be clear. I have never made comments on the statements by my friends. However, I will not make an exception. I will make a comment on the statement by the admiral.

I believe if you ask me how would I describe the candidate, I would say: an ideal. I believe he has also described him that way: an ideal. I strongly agree with such an ideal candidate.

[Question indistinct] [Matthei] Well, perhaps the candidate chosen will not be ideal. However, if an ideal candidate is chosen then I agree on that.

Now then, this is not a person with special [words indistinct] for the admiral. We have just discussed it. It is simply an ideal and I strongly agree with him. [end recording]

Elsewhere, asked about the Chilean response to the Bolivian proposal [on a sea outlet for Boliva], Gen Matthei stated that the time for territorial claims is over.

[Begin Matthei recording] Well, you realize that everyone, all Chileans, have reacted unanimously. The assessment of territorial claims ended a very long time ago throughout the world. [end recording] [passage omitted] [end relay]

DEL VALLE SAYS BEDREGAL REMARKS 'OFFENSIVE'

PY120200 Santiago Domestic Service in Spanish 2300 GMT 11 Jun 87

[Text] Speaking about the offensive words Bolivian Foreign Minister Guillermo Bedregal hurled at him in La Paz, Chilean Foreign Minister Jaime del Valle said, a few minutes ago, it seems obvious that Mr Bedregal is clearly beside himself [ofuscado], and I am not prepared to engage in a discussion with someone who starts off by being offensive.

Bedregal had reacted quite violently toward Del Valle after Chile refused to continue studying a Bolivian proposal to obtain a 2,800 km long corridor to Arica without offering any straightforward compensation such as water or gas supply or anything else for that matter.

Del Valle said: I have read some of his remarks, and it seems obvious to me Mr Bedregal is clearly beside himself. I am not prepared to engage in a discussion with someone who starts off by being offensive. He added: All I can say is that in all the months I have known Mr Bedregal, I have never agreed to discuss any of the issues that I label basic, that is issues related to Bolivia's landlocked situation.

FACH DENIES REPORT IN THE OBSERVER ON MATTHEI

PY111444 Santiago Domestic Service in Spanish 2300 GMT 10 Jun 87

[Text] The Chilean Air Force (FACh) has emphatically denied that the recent trip of General Matthei to the UK was secret. The FACh Public Relations office has issued an official communique refuting comments published in a British newspaper regarding the visit, which FACh Commander Major General Fernando Matthei made to the UK. The comments were made by reporter (Hugh Shaughnessy) from the London Sunday newspaper THE OBSERVER in its latest edition, which commented on Gen Matthei's visit.

On this subject the FACh states: Gen Matthei made a private trip to the UK from 25 May to 1 June, which was therefore not official. This visit was in no way secret. Gen Matthei did not have any meetings with anyone to try to obtain new equipment for the FACh, or to purchase Lightning [preceding word in English] interceptors.

The FACh commander did not hold talks to discuss the technical problems of the Sea Eagle [preceding words in English] missile, which does not even exist. The FACh can only call attention to the lack of professional ethics of the journalist who makes false comments with objectives that will not be analyzed here. The official communique is signed by Colonel Octavio Mardones, FACh public relations chief.

POLLS REVEAL LOW RATINGS FOR PINOCHET CANDIDACY

PY100117 Santiago HOY in Spanish 1-7 Jun 87 pp 6, 7, 8

[All figures as published]

[Excerpts] [Passage omitted] An opinion poll conducted by Search [preceding name in English] between 15-17 May revealed some opinions on the political laws and parties activities in Greater Santiago. The most noteworthy finding is that Chileans seem to be paying attention to electoral issues.

This is a breakdown of answers given by the 601 people who were asked if they agree about registering at the Electoral Registration Office: 71 percent said yes; 20 percent said no; and 8.8 percent do not know or gave no answer. No differences by sex were noted, but the interest of youths in exercising this citizen right was noticeably small.

Also, 61 percent of the respondents estimated that the political parties will be "important" or "very important" in the future. Political preferences were as follows: For the left, 21.6 percent, the center, 30.9 percent; and the right, 13.0 percent.

The rating of the political parties has been confirmed by other polls. The traditional and historical parties are in the lead. Voters are inclined to vote for parties rather than for candidates. Candidates identified with a particular party have an advantage.

Other relevant information obtained from the poll is the desire for the renewal of the leadership of the various parties. Sixty-eight percent prefer young politicians with new ideas. This desire is predominant among people with a variety ideological lines, but it is stronger among the leftists, the under 35 segment, and the low socioeconomic sectors.

If the plebiscite were held today, Pinochet would lose: Only 13 percent of those polled replied they would vote yes; 45 percent, no; and 26 percent replied they would not vote. Those who have not made up their minds amount to 15 percent.

The trends vary slightly in the case of open elections. Official candidates would get 15 percent of the votes; opposition candidates would draw 52 percent; and 20 percent would not vote. The others do not know what they would do.

Another opinion poll conducted in the urban areas of Valparaiso and Vina del Mar between 19-21 March confirmed the trend of political preferences in Santiago.

With the assistance of Swedish, Dutch, and Canadian foundations, Cenproa and Flacso [not further identified] interviewed 599 people.

These were the results: 66.5 percent estimated that the Chilean society requires "important" or "very important" changes; 75.6 favored democracy as the best form of government; and the most serious problems confronting the country were seen as unemployment (94.5 percent), industrial decline (91.9 percent), low salaries (91.2 percent), health conditions (83.5 percent), and educational deficiency (76.9 percent).

The political opinions found in Valparaiso and Vina del Mar urban areas are in line with those found in Santiago. A comparison of answers given by the Santiago people and the Valparaiso-Vina del Mar people (survey conducted by Flacso in May 1986) shows this:

What would be best for Chile? A government of the right said 15.4 percent in Valparaiso-Vina del Mar and 12 percent in Santiago.

A center-right government said 8.3 in Valparaiso-Vina del Mar and 11 percent in Santiago. A centrist government responded 23.7 percent in Valparaiso-Vina del Mar and 25 percent in Santiago. A center-left government replied 8.2 percent in Valparaiso-Vina del Mar and 10 percent in Santiago. A coalition government of all sectors responded 7.2 percent in Valparaiso-Vina del Mar, and 11 percent in Santiago.

The re-election of Pinochet is supported by 12.5 percent in the Valparaiso-Vina del Mar urban area and by 8 percent in the Santiago area.

Pinochet's popularity ratings have been steadily declining in Santiago, from 29 percent in November 1983, to 26 percent in April 1984, to 17.6 in November 1985, and to 16.7 in January 1986. [passage omitted]

ARICA MAYOR'S HOME BOMBED; NO INJURIES REPORTED

PY110240 Santiago Radio Chilena Network in Spanish 2300 GMT 10 Jun 87

[Text] Arica -- Unidentified individuals last night placed an explosive device at the door of Arica Mayor Leonel Vega Andrade's apartment in the (Laterre) building in Arica. The mayor and his wife received support from different sectors after the attack. The explosion caused alarm among the neighbors but only slight damage to the apartment, and no one was injured. Threatening remarks were painted on one of the outside walls of the mayor's apartment.

FURTHER ON VISIT OF PRC FOREIGN MINISTER WU

Holds News Conference

PY111624 Lima Television Peruana in Spanish 0105 GMT 11 Jun 87

[Interview with PRC Foreign Minister Wu Xueqian upon conclusion of 3-day visit by unidentified reporters; 11 June -- recorded]

[Text] [Reporter, in Spanish with passage-by-passage translation into Chinese] What are the results of your visit to Peru?

[Wu Xueqian, in Chinese with passage-by-passage translation into Spanish] I think the visit was successful, and I am happy that it was so.

[Reporter] During your visit have you discussed ways of strengthening bilateral relations in the field of trade?

[Wu Xueqian] We have investigated ways of intensifying our trade relations. We think we are in a position to implement other types of trade, such as the recent agreement for the exchange of 100,000 tons of rice for 50,000 tons of Peruvian fishmeal. I think this type of trade is of interest to both parties and that the two countries will benefit by it.

[Reporter] What does the PRC think if Peru and of its president, Dr Alan Garcia?

[Wu Xueqian] I had the honor of meeting President Garcia yesterday. I think he is probably the youngest president in the world. He is very energetic and very young. The PRC follows the economic development of your country very closely and with great interest and is giving special thought to ways of strengthening ties between the PRC and Peru.

[Reporter] Before you leave Peru, we would like to ask you to send a message to the Peruvian people.

[Wu Xueqian] First, I would like to send the hard-working and intelligent Peruvian people the affectionate greetings of my government, and of the PRC people. Yesterday I visited the Lima Gold Museum. There, I observed the relics of the ancient Inca culture. Peru and the PRC have ancient civilizations, therefore, I think our peoples should intensify cultural exchanges in order to achieve a higher degree of friendship, cooperation and assistance between the two countries. [end recording]

FOREIGN MINISTRY COMMUNIQUE ON PORT OF ARICA

PY112043 La Paz EL DIARIO in Spanish 7 Jun 87 pp 1, 8

[Text] "The Foreign Ministry's permanent objective is to protect national interests, while abiding by the Peruvian policy of faithfully complying with the terms of international treaties." This statement is part of a communique the Peruvian Foreign Ministry has issued in reply to some remarks by Ambassador Alfonso Benavidez, who said that Foreign Minister Allan Wagner has improperly agreed with his Chilean counterpart Jaime del Valle on a series of concessions to Chile around the port of Arica.

Herewith the text of the communique:

1. - According to a Lima newspaper, Dr Alfonso Benavidez Correa has said that the Peruvian foreign minister granted a concession to Chile, disregarding the right of way [servidumbre] that the 1929 Treaty of Lima and its Supplementary Protocol have assigned to Peru in the territory of Arica. This is a false statement.

2. - To support his contention, Benavidez referred to a copy of an act that the Chilean and Peruvian foreign ministers signed in Lima on 29 November 1985, during one of the many working meetings they held to work on the above agreements.

3. - It is very surprising that this person, who is currently an ambassador, and who should submit his observations and contributions to the Foreign Ministry, would try to confuse the public with groundless opinions on this key subject, because no paragraph of the act can even indirectly support such a conclusion.

4. - In its first paragraph, the act states that "through an accord for the implementation of the 1929 Treaty, the two parties will establish a legal system to regulate the full and efficient exercise of the rights that Article 5 of the treaty and Article 20 of its Supplementary Protocol grant to Peru. These rights, which apply to the locations and zones mentioned in both articles, shall be exercised without detriment to Chilean sovereignty, particularly as it concerns the broadening of the scope of the Chilean legal system, its jurisdiction, the jurisdiction of its courts, and the maintenance of public order."

5. - It is clear that the form and substance of the act are in keeping with the terms of the 1929 Treaty, which establishes that "the territory of Tacna and Arica will be divided into two parts, Tacna for Peru and Arica for Chile." This clause grants the right of way to Peru, which was granted all the rights over the Uchusuma and Mauri Channels "without detriment to the sovereign rights that Peru can exercise in the portion of those channels in Chilean territory." "Likewise, Article 7 states that the Peruvian and Chilean Governments will respect the private rights that have been legally acquired in the territories under their respective sovereignty, among them the rights involving the Arica-Tacna railway." This article states that "without being detrimental to the sovereignty that Chile can exercise," Peru has the broadest right of way, on a perpetual basis, along the railway line. In turn, Article 1 of the Supplementary Protocol of the 1929 Treaty sets forth that "without a previous Chilean-Peruvian agreement, the Chilean and Peruvian Governments may not transfer to a third power all or part of the territories that the terms of this treaty have placed under their sovereignty. Neither may they build new international railways in those territories without a previous Chilean-Peruvian agreement."

6. - Everyone knows that the sovereignty issue was finally solved in 1929 with the signing of this treaty. The government is now trying to implement the still unfulfilled clauses of the Treaty of Lima. Compliance wth those clauses by Chile will improve and consolidate the right of way in Arica that Peru has been granted under the terms of the treaty.

7. - Since they began, the subject matter of the talks between the foreign ministers has been the object of consultation and information at top government levels, in line with the Foreign Minister's permanent objective to protect national interests, while abiding by the Peruvian policy of faithfully complying with the terms of international treaties. It should be noted that the public was informed about those talks through the communiques issued on 29 November 1985 and 27 May and 9 November 1986.

Lima, 5 July [month as published] 1987.
[Signed] Allan Wagner Tizon, Minister of Foreign Affairs.

CONCERN REPORTED OVER SITUATION IN PANAMA

PA120422 Madrid EFE in Spanish 0141 GMT 12 Jun 87

[Excerpts] Caracas, 11 Jun (EFE) -- According to reports received in Caracas, the Panamanian political situation has taken a turn for the worse in the last few hours. Venezuela is concerned because it shares, together with Panama, Mexico, and Colombia, responsiblity for the Contadora peace group.

Simon Alberto Consalvi, Venezuelan foreign minister, said he has been in constant communication with his ambassador in Panama; he called the situation there "very difficult."

Political commentators emphasized that the foreign minister's comment shows Venezuela's concern about events in Panama, where the government has instituted a state of emergency in the wake of street demonstrations in which the dismissals of President Eric Arturo Delvalle and Defense Forces Commander General Manuel Antonio Noriega have been demanded. [passage omitted]

The Venezuelan foreign minister avoided discussing the situation, but he did admit it is worrisome.

Consalvi announced that the Contadora Group foreign ministers will send representatives to the Latin American Presidential summit to be held in Antigua, Guatemala.

Foreign Ministry sources emphasized that, despite Panama's difficult situation, that country will continue to be a member of the Contadora Group, which is making efforts toward a peaceful solution of the Central American conflict.

BRIEFS

1986 OIL EXPORTS -- Petroven has stated in its annual report that in 1986 it exported 1.534 billion barrels of crude oil and petroleum by-products daily to the following countries: United States, 850,000 barrels; Western Europe, 250,000 barrels; Curacao and Aruba, 178,000 barrels; and Central America and the Caribbean, 173,000 barrels. Of total exports, 949,000 barrels were crude oil and 585,000 barrels were by-products. The average sales price per barrel was $13.90. [Summary] [Hamburg DPA in Spanish 2235 GMT 6 Jun 87 PA]